

Congressional Digest

Washington, D. C.

VOL. II.

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No. 2

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Announcement

Beginning with this number the CONGRESSIONAL DIGEST will hereafter appear on the fourth Saturday of each month and will record Congressional events up to that day. The forthcoming December number will appear on December 23

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STATEMENT OF OWNERSHIP, ETC.

(Required by Act of Congress, August 24, 1912)

Of CONGRESSIONAL DIGEST, published monthly at Washington, D. C., for October 1, 1922.

Before me, a Notary Public in and for the District of Columbia, City of Washington, personally appeared Alice Gram who, having been duly sworn according to law, deposes and says that she is the Editor, Publisher and Owner of CONGRESSIONAL DIGEST and that the following is, to the best of her knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 443, Postal Laws and Regulations, to-wit:

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ALICE GRAM.

Signature of Editor, Publisher, and Owner.

Sworn to and subscribed before me this 12th day of October, 1922.

JULIAN C. HAMMACK, Notary Public.

THE CONGRESSIONAL DIGEST

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Congress Reconvenes

The Steering Committee Program for the Third Session of the Sixty-seventh Congress is now in preparation and will be reported next month

THE 67th Congress convened in extraordinary session on Monday, November 20, 1922, in response to the call of the President issued on November 9.

On November 21, at 12:30, President Harding addressed a joint session of the House and Senate and urged the passage of the Ship Subsidy Bill. In making his appeal for immediate and favorable action on the bill, the President said in part:

This problem can not longer be ignored, its attempted solution can not longer be postponed. The failure of Congress to act decisively will be no less disastrous than adverse action.

Three courses of action are possible, and the choice among them is no longer to be avoided.

The first is constructive—enact the pending bill, under which, I firmly believe, an American merchant marine, privately owned and privately operated, but serving all the people and always available to the Government in any emergency, may be established and maintained.

The second is obstructive—continue Government operations and attending Government losses and discourage private enterprise by Government competition, under which losses are met by the Public Treasury, and witness the continued losses and deterioration until the colossal failure ends in sheer exhaustion.

The third is destructive—involving the sacrifice of our ships abroad or the scrapping of them at home, the surrender of our aspirations, and the confession of our impotence to the world in general, and our humiliation before the competing world in particular.

A choice among the three is inevitable. It is unbelievable that the American people or the Congress which expresses their power will consent to surrender and destruction. It is equally unbelievable that our people and the Congress which translates their wishes into action will longer sustain a program of obstruction and attending losses to the Treasury.

I have come to urge the constructive alternative, to reassert an American "We will." I have come to ask you to relieve the responsible administrative branch of the Government from a program upon which failure and hopelessness and staggering losses are written for every page, and let us turn to a program of assured shipping to serve

us in war and to give guaranty to our commercial independence in peace.

Merchant Marine

A new "Ship Subsidy" bill embodying the President's recommendation was introduced in the House on November 20. Although, it bears a new number (H. R. 12817) it is practically the same as H. R. 12021 which was favorably reported to the House last June, with the exception of four or five changes agreed to by the Committee. The House Committee on Merchant Marine and Fisheries favorably reported the new bill to the House a few minutes before the President made his appeal for its passage on November 21. A special rule was granted on November 22 to call up the bill for immediate consideration. The rule provided that debate on the bill be limited to three days after which amendments on the floor could be offered. The vote was set for November 29.*

Work on the Ship Subsidy bill will not be undertaken by the Senate until the House has finished with it. The bill must then pass through the Senate Committee on Commerce before reaching the floor of the Senate for action.

Until that time the Senate is engaged in clearing up the unfinished business left over from last session including the Liberian Loan Act (H. J. Res. 270) and the Anti-Lynching Act (H. R. 13), both of which have passed the House.

Annual Appropriations

As soon as the Ship Subsidy bill has been disposed of the House will turn its attention to the annual appropriation measures which constitute the chief business of the 3rd session.

On December 4 the President will formally present to Congress the Budget for the 1924 appropriations. It is expected that the first bill to reach the House from the House Committee on Appropriations will be the Treasury Department Appropriation. This will be followed by the Navy bill, State and Justice; Commerce and Labor, Agriculture and so on.

*The Ship Subsidy bill was fully explained and discussed in the July Number of the CONGRESSIONAL DIGEST. Changes made under the new bill by the House vote will be reported next month.

The New Budgetary System of the United States Government

Established by Act of Congress on June 10, 1921

On December 4, 1922, President Harding will transmit to Congress the Budget for the support of the U. S. Government for the fiscal year beginning July 1, 1923, and ending July 30, 1924.

PRESIDENT HARDING EMPHASIZES ECONOMY AS THE KEYNOTE OF THE BUDGET

"OUR country is one of the few in the world which is now paying its way as it goes, and I must regard with disfavor any tendency to interfere with this condition or to increase taxes.

"The blazing of the path of economy is no easy task. Expenditure is too often applauded, where earnest watchfulness for economy goes unnoticed, except for complaint. But there is a great compensation for service done. It lies in the consciousness of doing the thing necessary to make government more stable, to make burdens less difficult to bear, and to make our Government an example to others and an example to the citizenship which it is meant to serve.

"No less than a score of citizens of foreign governments have said to me, 'We are watching your work of reducing your expenditures in order to apply the system in our countries.'

"But more important than this is the effect it is having in setting an example to the States and municipalities. There is not a menace in America equal to the mounting State, county, and municipal expenditures undertaken without sense of financial responsibility."—*From President Harding's address at the Second Annual Meeting of The Business Organization of Government, July 11, 1922.*

GENERAL DAWES, FIRST DIRECTOR OF THE BUREAU OF THE BUDGET, STATES BASIC PRINCIPLES UNDERLYING THE OPERATION OF THE BUREAU OF THE BUDGET

"THESE basic principles have been adopted in connection with the inception of the budget system of the United States, with the consideration and by the direction of the President, and the unanimous acquiescence of the Cabinet.

The permanent success of the budget system in the United States depends upon these principles which at its inception must be so firmly established both as concepts and rules of action that they will never hereafter be questioned in this administration or in any other, for the budget machinery must last as long as the Republic.

1. The Budget Bureau must be impartial, impersonal and non-political.

2. The Director of the Budget in the matter of Governmental business administration has no responsibility under the law save for the administration of his own bureau. He is simply an adviser of the President and Congress in the matter of correcting business administration.

3. The Director of the Budget, in gathering information for the use of the President, acts for the President, and his calls upon the Chiefs of Bureaus and other Administrative Officers for purposes of consultation or informa-

tion take precedence over the Cabinet Head of a department, or any head of an independent organization.

4. The Budget representative in each Department, being appointed by the Cabinet Head, will present to the Director of the Budget the views of the Cabinet Head upon the wisdom of conclusions drawn by the Director of the Budget, for the use of the Chief Executive and Congress; but, as in the case of Bureau Chiefs and other officers, the call of the Director of the Budget for their presence and advice takes precedence over the Cabinet Head.

In other words, gentlemen, the President is simply putting into effect for the first time in this country, a condition which exists in any business corporation, whether it be a bank or a manufacturing corporation, or any other kind. The President of the corporation bears a responsibility for the whole institution, and he has the right to get information where he pleases and from any source in that corporation, whether it is from a washerwoman scrubbing the floor, up to his first vice-president."—*From address of June 29, 1921, before the first governmental business meeting.*

GENERAL HERBERT M. LORD, PRESENT DIRECTOR OF THE BUREAU OF THE BUDGET, APPEALS FOR BROAD NATIONAL VIEWPOINT TO INSURE THE SUCCESS OF THE BUDGETARY SYSTEM

WE are preaching, in season and out of season, to the departments in Washington the need of a broader viewpoint, for we will never reach the high standard of governmental efficiency for which we aim until the personnel in the Government service learn to think habitually and involuntarily in terms of United States rather than in terms of departments and bureaus. And I bring the same preachment to you that you broaden your vision and think in terms of our great country, rather than confine

your thoughts always and ever to the interests of your particular Commonwealth, district or municipality, almost to the exclusion of the nation and its interests. We must all learn that the "U. S." stands not for "us" but for the "United States." If the successful operation of the Budget Law is ever imperilled it will be because the clamor of local interests silences the appeal of the Budget for unbiased consideration of national needs and national interests.—*From recent public address.*

Historical Sketch of the Budget Bill in Congress

By CHARLES WALLACE COLLINS, Counsel, Bureau of the Budget

THE movement for a national budget system in this country may be said to have begun with the work of President Taft's Economy and Efficiency Commission (1910-1913). The investigations and reports of this Commission focused the attention of the public upon the haphazard and antiquated methods of financial procedure employed by the Federal Government. Although no legislation was introduced in Congress at this time, Chambers of Commerce and other business organizations, scientific institutions like the Institute for Government Research, and students of finance here and there kept the budget idea before the public, thus building up an ever increasing body of public opinion in favor of this reform. By the time the first bill was introduced in Congress a considerable body of literature had grown up around the question of the adoption of the budget system by the National Government. Taking these discussions as a whole, there was a singular unanimity of purpose and plan.

In the election of 1916 the platforms of all political parties were pledged to the adoption of the budget system by the United States. In the following Congress, in 1917, several resolutions were introduced in the House and in the Senate providing for the creation of a Commission to study and prepare a plan for a national budget system, and although one of these resolutions passed the House and another the Senate, Congress adjourned before final agreement was reached, and the Commission was never created.

The first bills for the actual establishment of a national budget system were introduced in the House on March 4, 1918 by Mr. McCormick of Illinois. These provided for the transmission of a Budget each year to Congress by the President of the United States upon his own responsibility and made the Secretary of the Treasury his agent in its preparation; the creation of an independent Audit Office under an Auditor-General of the United States who would supersede the Comptroller of the Treasury and the six auditors; the establishment of a single Budget Committee for the appropriation bills in place of the several committees; and the creation of a single Committee on Departmental Accounts to supplant the ten Committees on Expenditures in the Departments. This plan also provided for the appearance of the heads of departments on the floor of the House during the debate on the Budget. These bills, however, were never reported out of the Committees to which they were referred.

President Wilson called the Sixty-Sixth Congress into extraordinary session on May 19, 1919, and on the following day Mr. McCormick, now a member of the Senate, introduced his Budget bills in the Senate. On the same day Mr. Good, Chairman of the Appropriations Committee of the House, introduced in the House a bill providing for a national budget system and an independent audit based upon the same principles of Presidential responsibility in the preparation and submission of the Budget and in the establishment of the independent audit, as in the McCormick bill, with the exception that it created a Bureau of the Budget in the Office of the President with a Director holding office at the will of the President. The McCormick bill placed the Bureau in the office of the Secretary of the Treasury.

On June 3rd, 1919, Senator McCormick introduced a resolution providing for the appointment of a special Senate committee to devise a plan for a national budget system and to report a bill to the Senate. This Resolution was

adopted by the Senate on July 14, 1919. On July 11th, 1919, Mr. Good introduced a similar resolution in the House which was adopted on July 31, 1919.

The House Committee began to hold hearings on Monday, September 22, 1919. It sat in continuous session daily until Saturday, October 4th. It called before it a number of distinguished students of public finance, financiers, business men, and public officials who had given serious thought to the Budget question. The Committee then held executive sessions from October 4th to the 7th, on which date it reported out a bill to establish a national budget system and an independent audit of government accounts, a bill based upon and following the general lines of the Budget bill previously introduced by Mr. Good. At the same time the Committee reported out a resolution providing for the creation of a single Committee on Appropriations in place of the existing Appropriations Committees.

The House bill was debated in the House from October 17th to the 21st, when it was adopted by a vote of 285 to 3. In this debate the whole subject of budgetary reform was discussed at great length. There was practically no objections to the bill, Republicans and Democrats taking the same point of view as to the need for this legislation. Every member who spoke on the bill recognized its great importance as a means of establishing a new system of financial administration in the United States.

The bill then went to the Senate where, on October 22nd, it was referred to the Senate Select Committee on the Budget. At this time the energies of the Senate were completely absorbed by the discussions of the Treaty of Versailles during the summer and fall of 1919. Chairman McCormick found it impossible to get his Committee together during this period for hearings on the Budget bill. In the meantime many informal conferences were held by him with various persons. On November 19th, 1919, Congress adjourned.

At the opening of the second session of the Sixty-Sixth Congress, Senator McCormick, on December 2, 1919, reintroduced his Budget bill with certain revisions but retaining the main points of his original bill. The Senate Select Committee on the Budget held its hearings on December 15th, 18th, 19th, and January 12th to 14th, 1920. These hearings were supplementary to the House hearings. For the next three months the Senate Committee considered the Budget bill in executive session. On April 13, 1920, the Senate Committee reported out unanimously the House Bill with an amendment which struck out the House Bill and substituted a bill which was substantially the McCormick Budget Bill.

The bill was called up in the Senate on April 29th, and remained before the Senate until May 1st, on which day it was adopted without a dissenting vote. Discussion in the Senate, like that in the House, was non-partisan and unanimously in favor of the legislation. On May 3rd, 1920, the bill was sent to conference in order that agreement might be reached by the two Houses on the differences between the House and the Senate bills. These differences, it may be remarked, were not of principle but of method. On account of the importance of the legislation each House appointed five conferees instead of the usual three.

On May 11th, 1920, the House again passed the Budget bill, in the form that it originally had passed the House,

as an amendment to the Sundry Civil Appropriation Bill and sent it on to the Senate.

The conferees of the House and the Senate met a number of times between May 3rd and May 26th, on which latter date they reached a final agreement and made a unanimous report to Congress. This bill was in the nature of a compromise between the two bills on the main point of difference between them, that is, the location of the Bureau of the Budget,—whether it should be in the President's Office or in the Treasury Department. The conference bill located it in the Treasury Department but made the Secretary of the Treasury the Director of the Budget Bureau with an Assistant Director at \$10,000 per annum. This conference report was finally agreed to in the Senate on May 27th, and in the House on May 29th, upon which latter date it was sent to the President for his approval.

In the meantime, on May 27th, the Senate, upon the motion of Senator Knox, adopted a resolution abolishing the ten Committees on Expenditures in the Departments, and created in their place a single Committee on Expenditures in the Executive Departments; and in the House, Mr. Good, in anticipation of the Budget bill immediately becoming a law, called up for consideration the resolution creating a single Committee on Appropriations. This was adopted by a vote of 200 to 117.

Congress had already agreed to adjourn *sine die* at four o'clock on Saturday, June 5, 1920. On June 4th, President Wilson returned the Budget bill to the House with a veto message. While expressing entire sympathy with the purposes of the bill, he objected to a provision giving Congress authority to remove the Comptroller-General from office. This he regarded as unconstitutional and an infringement of executive authority.

On the following day, this being the last day of the session, the House Select Committee on the Budget reported back the bill with the portions objectionable to the President eliminated. It was passed by unanimous consent and reached the Senate about three hours before the hour set for final adjournment. It had already, after debate, passed the Senate twice—on May 1st and May 29th, 1920—and had been debated in and passed the House four times—October 21st, 1919, April 30th, May 29th, and June 5th, 1920. It was immediately called up in the Senate by Senator Smoot, who asked unanimous consent for its passage. Senator Reed, of Missouri, objected and began to speak at length with reference to the merits of

the bill as a whole. He was followed by Senator Harris, of Georgia, who had given notice that he would block all other legislation until the Senate had agreed to pass his resolution calling for income and profits tax returns from the Treasury Department. Senator Smoot was unable to get the Budget bill before the Senate before the hour of final adjournment arrived, and Congress adjourned *sine die* without reaching a final vote on this measure. The Budget bill did not come up for discussion at the short session of the Sixty-Sixth Congress.

The first session of the Sixty-Seventh Congress commenced on April 11, 1921, on which day Mr. Good reintroduced in the House the Budget bill which failed of passage in the preceding Congress, but provided for the Bureau of the Budget in the Office of the President. On April 25th, Senator McCormick reintroduced the Budget bill in the Senate without modification. It was passed by the Senate on April 26th without a record vote. It then went to the House where it was referred to the House Select Committee on the Budget, which reported the House bill as a substitute for the Senate bill. On May 5th, the House passed the bill by a vote of 344 to 9. On May 6th, the Senate appointed Senators McCormick, Moses and Underwood as conferees, and the House appointed Representatives Good, Campbell, and Madden, Byrns and Garner.

The bill was in conference until May 25th, 1921, when final agreement was again reached. The conference bill was adopted by the Senate on May 26th and by the House on May 27th by a vote of 335 to 3.

On May 31st, the Speaker announced his signature to the enrolled Budget bill as agreed upon by the House and Senate. It was signed by the Vice-President and on June 10th, 1921, the bill was signed by the President and became the Budget and Accounting Act, 1921. It had passed the House five and the Senate three times.

The outstanding feature of the legislative history of the Budget bill was that both branches of Congress fully realized the great importance of the reform which was being initiated. It is safe to say that no other piece of legislation ever received more careful or more extensive consideration from Congress than did this bill. Republicans and Democrats alike, at all stages of its procedure, took a broad national view of the important questions involved. In the voluminous debates on the bill one would search in vain for expressions of partizanship.

Senate Rules Changed to Conform to New Budget System

On January 18, 1922, Senator Warren submitted to the Senate a Resolution amending clause 1 of Rule XVI of the Standing Rules of the Senate, the effect of which would be to confer upon the Committee on Appropriations the sole authority to consider and report measures appropriating money from the Treasury.

On February 15th this Resolution was reported by Senator Curtis with certain amendments, the effect of which was to make the Chairman and two other members of each of the standing legislative committees, heretofore exercising jurisdiction over appropriation bills, members *ex officio* of the Appropriations Committee during the period when the appropriation bills relating to the work of these legislative committees respectively are under consideration. For example, during the consideration of the appropriation bill for the Department of Agriculture the Chairman of the Committee on Agriculture and two other

members to be selected by him would serve on the Committee on Appropriations until the bill was reported out of the Committee.

On March 1st Senator Curtis called this Resolution up for consideration. The necessity for this action was explained by Senator Curtis as being necessary in order that the Senate might follow the example of the House and conform its procedure to the newly adopted budget system. The Resolution was debated extensively on March 1st, 2nd, 3rd, 4th, and 6th, upon which latter date it passed the Senate by a record vote of 63 to 14.

One important amendment was added to the Resolution as finally adopted, and that was to make mandatory the presence of one member of each of the legislative committees respectively upon the respective conferences between the two Houses on the appropriation bills.

Digest of the Budget and Accounting Act, 1921

Approved June 10, 1921

TITLE I.—DEFINITIONS.

Sec. 1 and 2. Defines terms used in the Act and makes its provisions applicable to all of the executive departments, independent commission, boards, bureaus, offices, agencies, or other establishments of the Federal Government, including the municipal government of the District of Columbia, but excluding the Legislative Branch of the Government and the Supreme Court of the United States.

TITLE II.—THE BUDGET.

Sec. 201 provides that the President shall transmit to Congress on the first day of each regular session the Budget, which shall set forth in summary and in detail estimates of all monies needed for the support of the Government for the coming fiscal year; estimates of all receipts of the Government for the coming fiscal year; estimates of receipts and expenditures for the fiscal year in progress; all essential facts relating to the public debt; and such other statements as in the opinion of the President may be necessary to show the financial condition of the Government of the United States.

Sec. 202 provides that if the estimated receipts for the coming fiscal year on the basis of existing laws appear insufficient to meet the total of expenditures recommended in the Budget, the President is required to recommend to Congress the steps to be taken to meet the estimated deficit. If, on the other hand, these estimated receipts exceed the total of estimated expenditures, the President is required to make such recommendations as in his opinion the public interests may require.

Sec. 203 provides for the transmission of supplemental or deficiency estimates by the President to Congress. These require a statement from the President explaining their omission from the Budget.

Sec. 204 provides that the first Budget submitted by the President shall follow the general form of the old Book of Estimates theretofore submitted to Congress by the Secretary of the Treasury.

Sec. 205 provides that the President, on the same day that he transmits the Budget in December 1921, shall also transmit to Congress for the fiscal year 1922 only "an alternative budget," which shall be prepared in such form and according to such a system of scientific classification as may, in the opinion of the President, seem desirable.

Sec. 206 prohibits any officer or employee of any department of the Government from submitting to Congress a request for an appropriation, except at the request of either House of Congress.

Sec. 207 creates the Bureau of the Budget in the Treasury Department and provides for the appointment by the President (without confirmation by the Senate) of a Director and an Assistant Director at salaries of \$10,000 and \$7,500 a year respectively. It provides that the Bureau shall have authority, "under such rules and regulations as the President may prescribe," to prepare the Budget for the President (and the alternative budget) and "to assemble, correlate, revise, reduce or increase the estimates of the several departments or establishments."

Sec. 208 provides for the appointment of employees and making other necessary expenditures by the Director under rules and regulations of the President. Not more than four persons may be paid over \$5,000 and none over \$6,000 a year, and all employees of the Bureau receiving a salary at the rate of \$5,000 a year or less shall be under Civil Service laws and regulations.

Sec. 209 authorizes the President to use the Bureau of the Budget to make investigations, with a view to economy and efficiency in the public service, with reference to the organization, activities, and business methods of the departments, the appropriations therefor, or the regrouping of services.

Sec. 210 provides that the Bureau shall prepare for the President a codification of all laws relating to reports of receipts and expenditures and to the estimates of appropriations, in order that the President may recommend to Congress what changes, in his opinion, should be made in them.

Sec. 211 provides that the duties of the Bookkeeping and Warrants Division of the Treasury Department with reference to the estimates be transferred to the Bureau of the Budget.

Sec. 212 provides that the Bureau shall, upon request, furnish information to Congress.

Sec. 213 authorizes the officials of the Bureau, under regulations of the President, to have access to all necessary information which may be in the possession of any department or establishment.

Sec. 214 provides for the appointment by the head of each department and establishment of a "budget officer," who is required to prepare their respective estimates.

Sec. 215 provides for study and revision of the estimates by the heads of the departments and establishments before their transmission to the Bureau of the Budget on or before September 15th of each year.

Sec. 216 authorizes the President to prescribe the form, manner, and detail of the estimates as submitted to the Bureau of the Budget.

Sec. 217 makes an appropriation of \$225,000 for the fiscal year ending June 30, 1922.

TITLE III.—GENERAL ACCOUNTING OFFICE.

Sec. 301 creates the General Accounting Office, makes it independent of the executive departments, and puts it under the control and direction of the Comptroller General of the United States. The offices of the Comptroller of the Treasury and Assistant Comptroller of the Treasury are abolished, and the remaining offices and employees of the Comptroller of the Treasury and the books, records, furniture, etc., are transferred to the General Accounting Office.

Sec. 302 creates the offices of the Comptroller General and Assistant Comptroller General of the United States, to be appointed by the President with the advice and consent of the Senate at salaries of \$10,000 and \$7,500 a year respectively.

Sec. 303 provides that the Comptroller General and the Assistant Comptroller General shall each hold office for 15 years. The Comptroller General is not eligible for reappointment. Neither of these officials can be removed from office by the President, but may be removed only by Joint Resolution of Congress after notice and hearing on the grounds of permanent incapacity, inefficiency, neglect of duty, malfeasance in office, or of any felony or conduct involving moral turpitude "and for no other cause and in no other manner except by impeachment." Once removed from office they are not eligible for reappointment. They must retire from office at the age of 70 years.

Sec. 304 provides that the powers and duties of the Comptroller of the Treasury and of the six Auditors of the Treasury Department, and certain duties of the Division of Bookkeeping and Warrants of the Treasury Department relating to accounts are vested in the General Accounting Office.

The office of the Bureau of Accounts is created in the Post Office Department under a Comptroller appointed by the President with the advice and consent of the Senate at a salary of \$5,000 a year to provide for the administrative examination of the accounts and vouchers of the Postal Service. This office takes over certain duties of the Auditor for the Post Office Department.

Sec. 305 provides that all claims and demands against the Government of the United States or in favor of it shall be settled and adjusted in the General Accounting Office.

Sec. 306. The laws governing the administration of the departments are made applicable to the General Accounting Office.

Sec. 307 authorizes the Comptroller General to provide for the payment of accounts or claims adjusted and settled in the General Accounting Office through disbursing officers instead of by warrant.

Sec. 308. Certain duties of the Division of Public Monies of the Treasury Department are transferred to the Division of Bookkeeping and Warrants of that Dep't.

Sec. 309 provides that the Comptroller General shall prescribe the forms, systems and procedure for keeping the government accounts.

Sec. 310 abolishes the offices of the six auditors of the Treasury and transfers their employees to the General Accounting Office.

Sec. 311 provides for the appointment, removal, etc., of employees by the Comptroller General. The same salary limitations are made as for the Bureau of the Budget provided in section 208 above.

Sec. 312. The Comptroller General shall investigate all matters relating to the receipt and disbursement of the public funds and report to Congress each session such facts and recommendations as he may deem advisable. He is required specially to report every expenditure or contract made by any department or establishment in any year in violation of law. He is also required to furnish to the Bureau of the Budget information relating to expenditures and accounting.

Sec. 313 gives the Comptroller General access to any information in the possession of the departments or establishments.

Sec. 314 requires the Civil Service Commission to establish an eligible register for accountants for the General Accounting Office.

Sec. 315. Available appropriations for the Comptroller of the Treasury and the six Auditors are transferred to the General Accounting Office.

Sec. 316. Temporary provision for fiscal year 1922.

Sec. 317. Temporary provision for fiscal year 1922.

Sec. 318. Provides the date when the Act takes effect.

OFFICIALS OF THE GENERAL ACCOUNTING OFFICE

Comptroller General of the United States.—J. R. McCarl.

Assistant Comptroller General of the United States.—Lurtin R. Ginn.

Assistants to the Comptroller General.—John M. Lewis, J. L. Baity.

Solicitor.—Rudolph L. Golzé.

Chief of appointment division.—Eber F. Inbody.

Disbursing clerk.—Carl Collier.

Chiefs of Division:

Treasury Department.—W. M. Geddes.

War Department.—W. H. Barksdale.

Interior Department.—John K. Willis.

Navy Department.—George McInturff.

State and Other Departments.—William S. Dewhirst.

Post Office Department.—C. T. M. Cutcheon.

Transportation Division.—E. W. Moore.

OFFICIALS OF THE BUDGET BUREAU

Director.—Gen. Herbert M. Lord.

Assistant Director.—R. O. Kloeber.

Assistants to Director.—Gordon A. Ramsay, Howard Baker, R. D. Stephens, F. W. Wight, W. W. Warwick.

GENERAL HERBERT M. LORD, Director of the Bureau of the Budget, is a native of Maine and a graduate of Colby University, Waterville, Maine, class of 1884. During his college course, and after graduation, he was engaged in the newspaper business, being located in Rockland, Maine, and at one time in Denver, Colorado, in an editorial connection with a morning daily newspaper. He was also engaged in the newspaper business in Tennessee. During the time that Honorable Nelson Dingley was Chairman of the House Committee on Ways and Means he was Chief Clerk of that Committee, serving in that capacity during the drafting and enactment of the so-called "Dingley Tariff Bill" and the war revenue bill that was enacted into law during the Spanish-American War. At the outbreak of the Spanish-American War he went into the service as a Major and Paymaster of Volunteers and at the close of the war was commissioned in the Regular Army, serving in a com-

Chief, division of estimates.—Donald B. MacLeod.

Counsel.—Charles W. Collins.

Executive Assistant.—G. F. Allen.

Chief coordinator.—Col. H. C. Smither, U. S. A.

missioned capacity until June 30, 1922, when he retired from the service with the rank of Brigadier General to accept appointment by the President as Director of the Bureau of the Budget.

Practically all of his service in the Army was in connection with financial matters. At the outbreak of the war with the Central Powers he was actively in charge of the Finance activities of the Quartermaster Corps and later was made Director of Finance, consolidating under his direction all of the appropriations of the War Department, which amounted to something more than twenty-four billion dollars.

General Lord wears a Distinguished Service Medal conferred by the Secretary of War for his services in connection with financing the Army during the war.

On July 1, 1922, he was appointed by the President to the position of Director of the Bureau of the Budget, succeeding General Dawes.

National Financing—The Old Way and the New

By W. F. WILLOUGHBY

Director, Institute for Government Research

IN his annual message to Congress of December 6, 1921, President Harding declared the adoption of the "Budget and Accounting Act, 1921" to be "the beginning of the greatest reformation in governmental practices since the beginning of the republic." That this characterization of the act, by which our national government removed from itself the stigma of being the only enlightened government of the world that did not make use of a budget as the central and controlling instrument of its system of financial administration, was none too strong can only be appreciated by contrasting operations under it with those of the old regime, now happily a thing of the past.

Prior to the going into force of this act, no attempt was made, either by the President or by Congress, to consider at one time the whole problem of financing the government. Proposed expenditures were not considered in connection with prospective revenues, except in the most general and haphazard way. Even the idea of balancing the two sides of the account, to see whether a surplus or deficit as the result of the operations of the year was to be apprehended, did not obtain. There was no conception in the minds, either of the public, Congress or the President himself, that the latter should actively assume and discharge the duties of administrator-in-chief of the government as a business corporation. The President made no pretense of laying before Congress a carefully thoughtout financial and work program representing his judgment as the provision that should be made for the conduct of governmental affairs. He did not even submit to Congress a consolidated statement of expenditures in a form permitting that body or the people to judge intelligently regarding past operations. Nor did he exercise any direct control over the spending departments to see that the funds that were granted to them were expended in an efficient and economical manner. Even were he so minded, there was absolutely lacking any agency through which the President might attempt to discharge these duties. The attempt, in a word, was being made to run this great government without any general business manager.

As a result of this condition of affairs the whole burden of providing for the financial needs of the government was thrown upon Congress without that body being provided with the absolutely essential information upon which to base intelligent action. The estimates, such as they were, were not compiled in accordance with any one principle, nor in such a way that their significance could be clearly seen. They represented the unrevised and uncontrolled demands for funds by spending services, each interested in its own activities, and having no direct responsibility for, or interest in, the protection of the general treasury. That their aggregate should be far in excess of the total that it would be wise to grant, and that they should represent inconsistent policies and duplication of organization and work, was an unavoidable consequence.

To make matters worse, even these estimates were not considered in their relations to each other and to prospective revenues. Though mechanically assembled in one volume, known as Letter of Estimates, by the Secretary of the Treasury, they were, upon their receipt by the House, distributed among no less than nine separate committees each acting independently of the others. The same committee did not even have the consideration of all of the estimates of a department. These committees more-

over reported the results of their deliberations piecemeal to the House in the form of no less than thirteen separate appropriation bills. Only in exceptional cases were the entire needs of a service considered by a single committee or provided for in a single appropriation bill. As a result, the machinery was absolutely lacking by which conflicting demands and policies might be harmonized, and the House be given an opportunity at one time to consider the whole problem of financing the government, or, for that matter, except in one or two cases, a single department or service. Practically the same condition existed in the Senate. Not until the session was over was it possible, even to know the aggregate of grants made and the bearing of such total upon the state of the treasury and prospective income, much less to apply any corrective action.

The same lack of system characterized the provision made for controlling the expenditures of the funds granted or securing adequate information regarding the wisdom and economy with which the money voted was expended. The appropriations were made direct to the expending services and conferred upon them the uncontrolled power to draw against them to the total so granted so long as the money was devoted to the purposes specified. Since there was no real supervision over the manner in which they expended their funds, they were under no pressure to save; on the contrary they were under a strong incentive to expend the total granted, through the apprehension that they were under that if they did not do so their appropriations for the next year would be correspondingly reduced. It is true that provision was made for an audit of all expenditures. This audit, however, was made by officers who were themselves members of the administrative branch. The anomalous position was thus presented of an organization auditing its own accounts. It was but natural, therefore, that these officers should restrict their activities to the narrow field of determining whether all legal requirements had been complied with, and of deeming it no part of their duties even to make known, much less to disallow those payments that represented a wasteful and extravagant application of public funds. As General Dawes, the first Director of the Budget, graphically expressed it in his address at the Second Annual Meeting of the Business Organization of Government, July 11, 1922, "If a disbursing officer paid for a pair of shoestrings from the wrong appropriation, the error was invariably detected, reported, and corrected; but if an unnecessary purchase involving millions of dollars was effected, or ten times too much paid for an article, and settlement therefor made from the proper appropriation, neither the unnecessary expenditure of millions, nor the extravagant, improvident price paid for the article called for action of any sort."

This, in exceedingly brief compass, is the system, or lack of system, under which the national government for a hundred and thirty years had been attempting to handle its financial affairs. The "Budget and Accounting Act, 1921" adopted June 10, 1921, in conjunction with a revision of the House and Senate Rules governing the handling of appropriation bills, changed all this. Its provisions are of the most revolutionary character in that it threw this entire system into the discard and established in its place a system of financial administration that can compare favorably with that of any other nation. Not one of the defects of the old system that have been enumerated but that it corrects or lays the basis for correction.

First, and most important of all, it definitely installs the President into the new position of general manager of the government as a business organization. This necessarily followed from the fact that, under the new act, Congress will look to the President alone for the formulation of a financial and work program and will look to him primarily for the efficient execution of such plans as may be adopted. In point of fact the President, immediately upon the entering into force of the new act, assumed the reins of office, called together in formal meeting all of the chief administrative officers and let it be known that thereafter their relations both in formulating requests for appropriations and in expending funds granted should be direct to him and that his wishes in respect to administrative policies should prevail. That this was not a mere gesture was shown by the demand that he then made that all the spending services should so conduct their affairs that, not only would the need of deficiency appropriations be avoided, but that a surplus would be realized to be covered back into the treasury, as an aid to meeting a deficit in operations of the year in progress that was threatening.

Secondly, in the Bureau of the Budget, for which provision was made by the act, the President was given an agency through which he could meet his new obligations as commander-in-chief of the administrative forces.

Thirdly, the act provided that beginning with the next fiscal year and thereafter, the President should on the first day of each regular session submit to Congress a "Budget" which should, by means of balanced statements, set forth the assets and liabilities of the treasury, the receipts and expenditures of the government during the last completed year, the estimated receipts and expenditures during the year in progress and his expenditure and revenue proposals for the year to come. In pursuance of this, the President, for the first time in our history, has been made responsible for giving a complete account of his stewardship as head of the administration and of bringing before Congress and the people his financial and work program. As this program must cover both sides of the account the fact is immediately revealed as to whether this program looks to the realization of a surplus as the result of the operations of the year which will be available for the reduction of taxation or the payment of the public debt or a deficit that must be met by additional taxation or resort to further borrowing.

Fourthly, Congress, appreciating that it must do its share towards making the new system a success, reformed its whole system for the handling of appropriations by providing that entire jurisdiction over appropriation proposals should, in each house, be vested in a single committee and that the appropriation bills should follow the classification of items employed in the budget, under which all items for a department or service are brought together in one place under a single head. As a result of this each

of the houses has brought before it at one time and in the same bill the entire provision that is proposed for each of the great departments and branches of the government. No longer does it have to consider the matter of voting funds for the maintenance of our military or naval establishment or any other of our great administrative services at a number of different times and on the basis of recommendations made by a number of different committees and embodied in a number of different bills.

Finally, through the creation of the independent office of Comptroller General, Congress has provided, not merely for an audit of expenditures by an officer independent of the administrative branch and reporting directly to it, but one that shall furnish to Congress information regarding the manner in which the spending services have exercised the responsibilities imposed upon them and the steps that should be taken to secure a more efficient application of public funds. Thus the act provides that the Comptroller General shall annually submit to Congress a report regarding not only the work of his office by "containing recommendations concerning the legislation he may deem necessary to facilitate the prompt and accurate rendition and settlement of accounts and concerning such other matters relating to the receipt, disbursement and application of public funds as he may think advisable. In such annual report, or in special reports at any time when Congress is in session, he shall make recommendations looking to greater economy and efficiency in public expenditures."

In describing this new system a statement has been made not merely of its features as set forth in statutes or rules of procedure but as manifested in practical operation. One budget under it has passed into history. A second budget has been prepared and will be laid before Congress when it convenes in the coming month. Important as is the preparation of this document one would wholly fail to assess the significance of this great reform did he not appreciate that this represents but one feature of the revolution that has taken place in the administration of the national finances; that the effects of the change are apparent in almost every phase of national administration. Already the system has brought about retrenchments and economies running into the millions of dollars annually. But as General H. M. Lord, the present Director of the Budget, has said in a recent public address, "Of greater value, however, than any particular saving in dollars and cents is the permanent installation of a policy of economy in government business and the acceptance of this policy by the executive bureaus."

No one can claim that the new budget system is a cure-all. That it lays the basis for an efficient and economical administration of public affairs such as the country has never before enjoyed and itself has contributed powerfully to that end cannot, however, be doubted.

The Budget System in Operation

THE FOUR STAGES OF THE BUDGET

THE word "budget" embraces the whole scheme or plan of annual finance. Thus the budget may be spoken of as being prepared, as being voted or ratified, as being executed and as being audited and controlled. It goes through all of these stages. In the first stage it takes the form of estimates both of expenditure and of revenue; in the second state it corresponds to a bill or

project of law before the law-making body; in the third stage it is a fund to be spent under certain legal limitations; and in the fourth stage it takes the form of accounts to be audited. The system which puts this into effect is known as the budget system.—From *"The National Budget System and American Finance,"* by Charles Wallace Collins.

Stage I.—Preparation of the Budget

Preliminary Step—How a Department Prepares its Estimates

By S. P. Gilbert, Jr.

Undersecretary of the Treasury and Budget Officer of the Treasury Department

(NOTE.—The methods employed by the other executive departments are similar to those of the Treasury.)

UNDER the provisions of the Budget and Accounting Act, approved June 10, 1921, the head of each department and establishment of the Government service is required to submit to the Bureau of the Budget on or before September 15 of each year the estimates of appropriations required by the service for the succeeding fiscal year. The law further provides that the head of each department and establishment shall designate an official thereof as budget officer therefor, who, in each year under his direction and on or before a date fixed by him, shall prepare the departmental estimates.

In connection with the estimates of the Treasury Department for the fiscal year 1924, the Secretary of the Treasury appointed a budget officer for the Department, and a budget committee, which, under the direction of the budget officer, is responsible for the examination and revision of the Departmental estimates.

The first step in the preparation of the estimates is taken in the individual bureaus or offices of the Department, in each of which a budget officer is designated to be responsible for their preparation. The estimates are based upon the contemplated activities of the office for the fiscal year in question, and expenditures in previous years for similar activities afford a rather definite standard for determining the amount to be requested. The estimates are prepared so as to show in parallel columns the amount required for the succeeding fiscal year, the estimated expenditures for the current fiscal year, and the total amount of the expenditures for the previous fiscal year. For the sake of uniformity, the Bureau of the Budget directed that all estimates be prepared in accordance with the Classification of Objects of Expenditure prescribed by the General Accounting Office in its Bulletin No. 1 of May 11, 1922, which prescribed a uniform method of accounting for all departments and establishments of the Government. The budget officers of the several bureaus and officers of the department were impressed with the necessity for economy and were directed to submit estimates for only the minimum amounts believed necessary for the requirements of their services.

Upon the completion of the preparation of the estimates by the budget officers of the several bureaus or offices of the Department, they were reviewed and revised by the responsible heads of such bureaus or offices, submitted to the Budget Officer for the Department, and by him transmitted to the budget committee for examination and revision.

In order that the committee might have a proper basis for its determinations, each member was assigned one or more bureaus or offices and was charged with a special study of its activities and requirements. Subsequently the estimates for each bureau or office were considered in detail by the entire committee in conference with the responsible officials of the respective offices. The first consideration of the committee was to so adjust the estimates that the total amount requested would fall within the tentative allotment for the Treasury Department made by the Bureau of the Budget on the basis of preliminary estimates of receipts and expenditures previously secured by it. Each item of appropriation requested was subjected to a searching inquiry both as to its necessity and as to the amount estimated therefor. In each case in which the committee was not fully convinced of the necessity for the appropriation requested, it recommended to the budget officer for the Department that such item be disapproved.

The detailed findings and recommendations of the committee were then reviewed by the budget officer and, after further revision, were assembled and transmitted to the Bureau of the Budget.

The total amount of the appropriations for the Treasury Department for the fiscal year 1923, exclusive of estimated expenditures on account of interest on the public debt and public debt redemptions chargeable against ordinary receipts, is \$160,617,745.44. For the fiscal year 1924 the several bureaus and offices submitted estimates aggregating \$185,268,263.25. As the result of its investigations, the Budget Committee recommended decreases in the estimates submitted, in total amount \$19,080,673; and the estimates as finally approved by the budget officer and by the Secretary and submitted to the Bureau of the Budget aggregated \$167,358,480.50.

The Preparation of the Budget

By General Herbert M. Lord

Director, Bureau of the Budget

THE preparation of the Budget may be said to be the preparation of the business program of the Government for the coming financial or fiscal year, which begins on July 1. The President, as the business head, is responsible for and controls this financial program. It is based upon policies declared by him. For example, for the fiscal year beginning July 1, 1923, the President declared the policy that the Budget should not contain requests for the expenditure of monies from the National Treasury, the total sum of which would be greater than the prospective total of the revenues for the same period. This "pay as you go" policy automatically fixed the maximum limit to the total amount for requests of appropriations for the support of the Government. Another policy declared by the President for the Budget for next year was that no request for money for new buildings or new projects of any kind would be approved by him unless it could be shown that it was absolutely necessary to make the expenditure. Not only does the President declare the policy affecting the preparation of the Budget as a whole, but even in cases of individual departments or bureaus he may be called upon personally to decide as to certain aspects of their financial requirements. From the above examples it will readily be seen how the policies of the President determine the course of the Budget.

The Bureau of the Budget is the agency of the President for the detailed preparation of the Budget, and the Director of the Budget represents the President in dealing with the departments. The actual work of the preparation of the Budget begins on the first day of the fiscal year preceding the fiscal year to which the Budget relates, for instance, the preparation of the Budget for the fiscal year beginning July 1, 1923, began on July 1, 1922. In every department and establishment is an official called the "Budget Officer" with whom the Bureau of the Budget primarily deals, and who is responsible for the details of the preparation of the estimates for that particular department. He is to the department what the Director of the Budget is to the Government as a whole, that is to say, he is responsible directly to and takes instructions from the head of his department.

The Bureau of the Budget is in constant and intimate contact with the departments throughout the year studying their activities and their financial requirements. Information thus gathered is brought to bear upon the preparation of the Budget. Requests are sent out about July 1 to all the departments to send in provisional statements of their financial requirements for the coming fiscal year. The Bureau makes a study of these statements, compares one with the other, and considers the total with reference to the total anticipated revenues. The Director of the Budget, being in constant touch with the President, takes these figures to him for his consideration. The President makes a preliminary study and may devote a Cabinet meeting to a discussion of the Budget at this stage. The President next returns these preliminary figures to the Director of the Budget with instructions to proceed with the final estimates in accordance with the policies declared by him.

In the Bureau of the Budget there is organized a Board on Estimates, of which the Director is Chairman and the members of which are his chief assistants. To each member of the Board is assigned a given number of depart-

ments, and under each member are several expert investigators who devote their whole time to a detailed study of particular departments spending much of their time in the departments themselves. For example, a member of the Board may have general supervision over the preparation of the estimates for the Department of Agriculture and the Department of the Interior, while working under his general supervision would be two investigators, one devoting his whole time to the Department of the Interior and the other devoting his whole time to the Department of Agriculture. In this manner the finances of the whole government service are minutely covered. The Bureau of the Budget thus comes into the possession of independent information with respect to the needs of the departments. The decision with reference to matters coming before the Board rests with the Director.

The revised or final requests for appropriations are required to be submitted to the Bureau of the Budget on or before September 15 of each year. Here again they are subjected to a general study by the Bureau of the Budget, both from the standpoint of the needs of the particular department, and from the standpoint of the Government as a whole. At this stage the Director of the Budget has further consultation with the President. The Bureau now proceeds to the final preparation of the Budget, the chief feature of which is the preparation of the expenditure program, that is to say, of allotting to each department its proportionate share of funds for the coming fiscal year. The Bureau of the Budget has authority to revise and to reduce any request for an appropriation submitted by a department. This revision or reduction is, however, subject at any time to review by the President upon the request of the head of the department. Since, however, the more important items are taken up with the President in advance, very few questions of this character ever reach him. In arriving at the final figures numerous conferences are held between the officials of the Bureau of the Budget and the officials of the various departments which will ultimately spend the money. The Board on Estimates may sit as a Board and call before it departmental officials for a discussion and explanation of their requirements, or individual members of the Board may call informal conferences. It is at this stage that the information gained throughout the year by the Budget Investigators is brought to bear upon the figures submitted by the departments. The departmental officials naturally take the departmental point of view and are anxious to see their work develop, whereas the Investigator has the point of view of the Bureau of the Budget, which is the bird's-eye view of the Government.

When the final figures for all of the thousands of items in the Budget have been determined by the Bureau of the Budget and approved by the President it remains only to prepare the Budget for the printer in order that it may be ready for transmission to Congress by the President on the first Monday in December. Expert accountants and statisticians in the Bureau of the Budget now proceed to work up simplified summaries of Budget figures in order to present to Congress and to the public pictures of the finances of the Government from different points of view. The Budget as it finally comes from the printer is a folio volume of nearly one thousand pages. It shows in tabular form where the money is coming from to meet the requests for expenditures; how much money was spent and collected

the previous year, and how much will be collected and spent for the year in progress, and how much for the coming year, being the year covered by the Budget. These are followed by the detailed requests for money for each department known as "estimates of appropriations." If a person is interested in a particular bureau or office of the Government he may look in the Budget in the proper place and find a detailed estimate of its financial requirements. If, on the other hand, he is interested in the finances of a particular department as a whole, he may find a separate statement for that department. If again he is interested in the general financial program of the Government, he will find tables giving this point of view also.

The preparation of the Budget completed, it is now ready for transmission by the President to Congress. Two things should be here borne in mind; the first is that

the estimates contained in the Budget are the estimates of the President of the United States and not of the particular departments of the Government. The President submits them to Congress upon his responsibility as the Chief Executive. None of his subordinates can, since the establishment of the Budget system, submit to Congress any request for an appropriation unless specifically requested by the House or Senate. In the second place, the Budget is in the nature of a recommendation. The requests for appropriations arrived at by the President are those which he is willing to stand responsible for before Congress. As between the President and the departments, the figures in the Budget are binding on the departments. No department head can advocate a different figure.

The President transmits the Budget to Congress on the first day of each December session.

Stage II.—The Ratification of the Budget

(a) In the House of Representatives

By Marcellus Shield

Clerk, House Committee on Appropriations

THE part played by the House of Representatives in the preparation of the Budget commences when the President's message transmitting the Budget is received by the Congress. Immediately after the reading of it in the House, the message and the Budget are referred by the Speaker to the Committee on Appropriations. This Committee, under the rules of the House, is the only committee that has jurisdiction to report bills making appropriations for the support of the Government. It is composed of thirty-five members, twenty-three of whom at present are selected from the majority party and twelve from the minority party.

The organization of the Committee for the transaction of its business follows closely the general departmental outline of the Budget. The Budget, instead of being reported to the House in a single bill, is incorporated in a series of eleven bills. One of the bills covers the Legislative Branch, one the Office of the President and the various independent executive establishments, each of six covers a single executive department, two cover two executive departments each, and one covers the municipality of the District of Columbia.

The membership of the whole Committee is subdivided into eleven subcommittees to each of which is referred one of the eleven regular annual appropriation bills and a twelfth subcommittee to consider budget estimates to supply deficiencies in appropriations previously granted. Each of the subcommittees for the regular annual bills is composed of five members, three from the majority party and two from the minority party. The deficiency subcommittee is composed of nine members, six from the majority party, all of whom are chairmen of other subcommittees, and three ranking minority members of other subcommittees.

The policy underlying the formulation of the Budget and the outstanding features of the Budget are explained to the membership of the whole Committee by the Director of the Bureau of the Budget prior to the detailed study in the several subcommittees.

A program of procedure and of general policy is then determined upon for the uniform guidance of all the subcommittees and a schedule is promulgated by the Chairman of the whole Committee establishing definite dates

for commencing and concluding the work assigned to each subcommittee so that the session's labor may proceed in an orderly manner and the House may adjust its legislative program accordingly.

The section of the Budget handled by each subcommittee is referred to that subcommittee for hearings and executive action. Each subcommittee summons before it the head of the department and the responsible administrative officers concerned and obtains from them detailed explanations of the various sums that have been requested. The estimates of each bureau are taken up item by item and carefully scrutinized.

Upon the completion of the taking of testimony, which is stenographically reported and printed, the subcommittee studies the evidence and reaches its conclusions as to the amount that should be allowed for each particular activity, having in mind the policy of the whole Committee governing the consideration of the Budget as an entirety.

A subcommittee having concluded its work upon a bill, it is then presented to the whole Committee. The Chairman of the subcommittee explains the action taken by his subcommittee, the changes that have been recommended in the amounts for the year then current, and the deviations from the Budget estimates. The bill, with such alterations as the whole Committee may have made, is then reported to the House and is placed upon the proper calendar of business.

Bills reported from the Committee on Appropriations to the House have a privileged status and may be called up for consideration in the House whenever the Speaker gives the necessary recognition for that purpose on any day that is not specifically set aside by the House rules or a special order for some other purpose.

When an appropriation bill is called up in the House, it is considered first in the Committee of the Whole House on the State of the Union where one hundred members constitutes a quorum. Substantial consideration of the bill begins under what is known as the "five minute rule." The bill is read paragraph by paragraph for amendment and any member may offer germane amendments and discuss them, or discuss any paragraph of the bill without first offering an amendment, for not to exceed five minutes.

When the consideration of the bill has been completed in the Committee of the Whole, it is reported back to the House for action with such amendments as may have been adopted in the Committee of the Whole. The bill and the amendments are then acted upon and the bill placed upon its passage. The course of any appropriation bill in the House does not very materially differ from the course of any other bill, once it has been placed under consideration.

Some idea of the volume of work devolving upon the House and the Committee on Appropriations in the consideration of the Budget may be obtained from the statement of a few salient facts. The Budget for the fiscal year 1923 was considered during the second session of the 67th Congress, which began in December, 1921. The Budget was transmitted to Congress by the President on December 5, 1921, and the last of the regular supply bills completing that Budget was approved by him on June 30, 1922.

The total of the Budget estimates for the fiscal year 1923 examined by the Committee during that session was \$3,919,558,429.50.

The subcommittees of the Committee on Appropriations began their labors on December 12, 1921, five of them sitting each day until their bills were completed when

others started work. The last of the hearings was concluded on March 23, 1922. The first of the bills on which hearings were started on December 12, 1921, was reported to the House on January 4, 1922, and the last of the bills, on which hearings were concluded on March 23, 1922, was reported to the House on April 8, 1922.

In addition to the eleven annual bills, the House and the Committee considered three deficiency bills, two special appropriation bills, and a number of individual appropriation matters. The evidence taken by the subcommittees was printed in 18 different volumes and made an aggregate of 12,627 printed pages. The Committee made sixteen reports to the House on appropriation bills, totalling 343 printed pages.

The aggregate number of days all appropriation bills were pending in the House, excluding the day of report of each of them and including the day of passage, was 95. The net result of consideration in the House of the reports made by the Committee was the addition of approximately \$37,000,000.

The net result of the consideration by the Committee of the Budget estimates for the fiscal year 1923 was a reduction in these Budget estimates of approximately \$172,500,000.

(b) In the Senate

By Kennedy F. Rea

Clerk, Senate Committee on Appropriations

APPROPRIATION bills upon being received by the Senate from the House of Representatives are referred to the Committee on Appropriations.

The Committee on Appropriations of the Senate is divided into twelve subcommittees, namely—Treasury Department, Department of Agriculture, Departments of Commerce and Labor, Deficiencies, District of Columbia, Independent Offices, Interior Department, Legislative Department, Navy Department, Post Office Department, Departments of State and Justice, War Department. The membership of these subcommittees are named by the Chairman of the Committee on Appropriations from the membership of his Committee and also include ex-officio members selected by various other Committees entitled under the rules to membership. Within a reasonable time after each bill is received the subcommittee in charge thereof usually hold a preliminary meeting to determine a policy respecting change in amounts, hearings, etc. It has always been the custom of the Committee to grant hearings to those requesting same if time would permit. The hearings are printed and indexed and are for the use of the

Committee and others desiring them. The subcommittee, after finishing their work, report each bill as amended to the whole Committee, where its action is usually concurred in and oftentimes further amended. The whole Committee action is reported to the Senate by the Chairman of the respective subcommittee, who usually gives notice when he proposes to call the measure up for consideration on the floor. After passage of the bill through the Senate the customary policy is to let the notice of the action of the Senate go to the House. The House usually disagree to the amendments of the Senate and ask a conference. The Senate usually agree to the conference asked by the House. The Conferees are appointed by the President of the Senate and the Speaker of the House and are chosen from the membership of the subcommittees handling the bill in question. Conferences are held at the Senate end of the Capitol. Conference reports are first presented to the body agreeing to the conference. After all differences have been adjusted between the two bodies, the bill is enrolled, signed by the two presiding officers and sent to the President for final action.

The Clerks to the Committees on Appropriations

ONE of the most highly respected positions in the Capitol is that of Clerk to either of the great Committees on Appropriations of the House and Senate where the Clerk's knowledge of procedure and precedents in handling the annual appropriation measures year after year serves as a mainstay to the members of the Committees who may be new to the work.

A man's training and not his politics entitles him to this position, which is looked upon as a life work. Following is the list of men who have succeeded to this position since the Committees were established.

Clerks of Senate Committee on Appropriations

Amos Pickard,	1867 to 1872
W. C. Tompkins,	1872 to 1873
Thomas P. Cleaves,	1873 to 1920
Kennedy F. Rea,	1910 to 1911
Joseph A. Breckons,	1911 to 1913
Kennedy F. Rea,	1913 to date

Clerks of House Committee on Appropriations

Robert J. Stevens,	1865 to 1884
James C. Courts,	1884 to 1916
Marcellus C. Sheild,	1916 to date

Stage III.—The Execution of the Budget

The Expenditure of the Money Appropriated by Congress

By General Herbert M. Lord

Director, Bureau of the Budget

AFTER Congress has passed the appropriation bills the money is then subject to expenditure by the forty-two government departments and independent establishments beginning on July 1 following. Each department may draw upon the Treasury from time to time for funds within their appropriations. But it should be borne in mind that under the budget system a department is not the sole judge of what constitutes a necessary expenditure. The President, as the head of the business organization of the Government, bears the same responsibility for the expenditure program of the Government as he does for the preparation of the Budget, and he has the authority to control the action of his subordinates in the expenditure of the public funds. The money is expended, therefore, in accordance with general policies enunciated by the President. These policies may be transmitted by the President directly in person to the governmental organization; through personal conferences with the heads of departments; or through the instrumentality of the Bureau of the Budget which, at all times, maintains a direct contact with every phase of the business organization of the Government. Under this practice, therefore, the appropriation made by Congress for a given department or for a specified bureau in a department, is not a sum of money which may be spent solely upon the judgment of the department or bureau. It is in the nature of a maximum allotment—a sum beyond which the department or bureau must not go and within which they must operate with as large a margin as possible to be turned back into the Treasury at the close of the fiscal year.

Under the so-called Anti-Deficiency Act the heads of the departments and establishments, before obligating any of the monies appropriated to them, are required to make an apportionment of their annual appropriations. These apportionments may be monthly, quarterly, or other periods. This Act prohibits any department or establishment, from spending more money within a given period than has been apportioned to it unless upon the happening of some extraordinary emergency which could not be anticipated at the time of making the apportionment. The Bureau of the Budget is furnished with a copy of these apportionments, and with quarterly statements of the charges created against them. This gives the Bureau of the Budget the necessary information to enable the President to exercise financial control over the program of expenditures of the departments and establishments.

President Harding has established the practice of calling together the entire business organization of the Government at the beginning and in the middle of each fiscal year. At these meetings the President himself presides. With him sit the Cabinet heads and the Director of the Budget. In front of him are all of the officials of the departments and establishments having any responsible duty in connection with the expenditure of public monies. These are assistant heads of departments, directors and assistant directors of services, chiefs and assistant chiefs of bureaus and divisions, chief clerks and assistant chief clerks, disbursing officers and assistant disbursing officers, the departmental budget officers, and the officials of the

Bureau of the Budget. All together these comprise an audience of nearly a thousand persons. They constitute the financial machine of the Government of the United States—a business organization unequaled in the size of its personnel or in the magnitude, variety and complexity of its operations.

At the July meeting the President lays down and explains the policy which shall govern the expenditures for the year which has just commenced. In a frank man-to-man statement he discusses the financial condition of the Treasury and explains the necessity of measures which he proposes to take in order to insure the most economical expenditure of the funds appropriated by Congress. He is followed by the Director of the Budget, who discusses the financial situation in greater detail, explains how the policies of the President will be carried out, and urges upon the entire body of governmental officials the necessity for their cooperation and support. At this meeting is distributed a report of the operations of the Bureau of the Budget for the past year. The next meeting of this character is held about the middle of the fiscal year. It is similar in character to the first. It is devoted primarily to a review to the governmental expenditures for the past six months and to further enunciations of policy for the coming six months. The effect of these meetings as a means of financial control has been of great importance. They have assisted in developing in the body of governmental officials an *esprit de corps*—a feeling that they are working for the Government as a whole rather than exclusively in the interest of a given department or bureau.

The Director of the Budget is the business advisor of the President with reference to the expenditure of monies appropriated by Congress, and the Bureau of the Budget is the agency through which the President operates in transmitting executive policy and in exerting executive pressure. It is also the information gathering agency of the President with reference to the operations of the routine business of Government. The Bureau, being at all times impersonal and non-partisan and having in view always the Government as a whole rather than any of its particular parts, is able to present to the President independent and unbiased information. It may be said here that neither the Director of the Budget nor the Bureau of the Budget has any authority or power under the Budget law which may be exercised independently of the President. Under the budget law itself the operations of the Bureau are put exclusively under the control of the President.

At the beginning of the fiscal year, before any of the money has been spent, the Bureau of the Budget calls upon each department and establishment to set up a reserve in their current appropriations. This means that the department is required to estimate how little of the money appropriated by Congress for its support it can get along on, the remainder being set aside with the ultimate purpose of turning it back into the Treasury at the close of the fiscal year, provided some intervening emergency may not require its expenditure. This reserve may be increased from time to time throughout the year. In this

policy the departments themselves cooperate and sometimes increase their reserves upon their own volition. Again, as a further means of control, the President has directed that whenever a department purposes to spend any of its appropriation for a new project—such as a new investigation or a new service—that department shall transmit a statement to the Bureau of the Budget showing the nature of the new work and its probable cost. This puts the President on notice as to new governmental developments and affords the Bureau of the Budget an opportunity to ascertain whether any other department or establishment is doing, or has already done, work of a similar character which may have a direct bearing on the new undertakings, making it possible for the department to curtail or perhaps eliminate them.

In order further to provide for close team-work in carrying on the business of the Government—scattered as it is throughout so many departments and involving so many large questions of public interest—the President has established under the supervision of the Director of the Budget a system of coordination, over which is a Chief Coordinator. The operation of this system is related to the expenditure program of the Government in that by bringing about intelligent business methods in dealing with a business situation common to the Government as a whole, some proposed expenditures are greatly reduced while others may be made entirely unnecessary. Under the Chief Coordinator are a number of coordinating boards. Each one of these Boards is composed of members from the various departments of the Government. The Chairman of the Board is either the Chief Coordinator himself or some one representing him. At the meetings of a given Board, for example the Federal Real Estate Board, each member represents the position and attitude

of his particular department while the Board as a whole brings together the whole picture with reference to the purchase, sale, lease, etc., of real estate. There is a discussion and interchange of ideas and information. The Chairman of the Board, representing the Government as a whole, is in a position to impress upon the departmental representatives the policies of the President. Each member of the Board, therefore, returns to his department or establishment not only with a view of the general Government situation, but with a clearer view of his own particular problem. There are a number of such Boards covering various business activities of the Government such as purchases, sales, traffic, motor transport, contracts, etc. In brief the President, in order to insure the most economical expenditure of public funds appropriated each year by Congress, has established and is developing a system of cooperation and control through which carefully considered business plans will be made and modern business methods applied to carry them out.

In the consideration, therefore, of the expenditure of the funds appropriated under the budgetary program transmitted by the President to Congress, there is (a) the actual expenditure of the funds by the Departments themselves under the administrative control of the head of the department; (b) the declaration of financial policy of expenditure by the President, and the direct imposition of executive pressure by him upon the business organization of the Government; (c) the operations of the Bureau of the Budget as the agency of the President for gathering information and for the transmission of executive policy and the application of executive pressure; (d) the work of the coordinating boards in the promotion of team-work among the departments by developing proper business methods from the viewpoint of the Government as a whole.

Stage IV.—The Audit of the Budget

By J. R. McCarl

Comptroller General of the United States

“THE eyes of Congress” is the appellative term applied to the General Accounting Office, an independent establishment accountable only to the Congress, the personnel of which consists of the Comptroller General of the United States, the Assistant Comptroller General, four principal assistants, and a trained corps of attorneys, law clerks, accountants and clerks whose functions are many but the chief of which is to see to it that the funds appropriated by the Congress are expended only in accordance with Congressional will as expressed in the appropriation measures and general statutes.

An appropriation having been made by the Congress for the uses of a particular branch of the Government in accomplishing some particular purpose or thing, it is probably the idea of the average layman that the appropriation ends all and that expenditures are made therefrom without further question. Our forefathers, however, with the same foresight which characterizes the Constitution of the United States, seemed to have the desire if not a conviction of the necessity for information as to what was done with an appropriation the Congress had provided. So at the outset and beginning of the Government, with the establishment of the Treasury Department in 1789, a provision was made in that enactment for a Comptroller

of the Treasury, and thus from the beginning of the functioning of the executive branches of the Government there began a system of investigation, examination and accounting of the uses of all appropriations made by the Congress. The established system is one founded upon the experience of more than one hundred and thirty years.

The appropriation having been made by the Congress, the Treasury Department and the General Accounting Office by appropriation warrant set up a credit for the amount thereof under the title of the appropriation, whereby moneys become available for the administrative branch of the Government to which the appropriation was made. The amount of the appropriation is the limit of the amount that may be expended or pledged and if greater amounts are required it is for the department concerned to apply to the Congress for a further appropriation. The Constitution prohibits the withdrawal of money from the Treasury except in consequence of an appropriation made by law.

The administrative branch of the Government is intrusted with the accomplishment of the purposes of the appropriation by incurring obligations thereunder and the moneys are received for paying out by it through advances to its disbursing officer upon a requisition. The money is credited to its disbursing officer through an accountable

warrant placing the sums which it may have requisitioned with the Treasurer of the United States to the credit of such disbursing officer.

It is here where close supervision by the General Accounting Office of expenditures on behalf of the Government begins to operate.

An account is required to be submitted at stated intervals which ordinarily consists of an account current or statement of account setting out the transactions in totals under each appropriation as credits against the debits of moneys so advanced to the disbursing officer, and the balances. There is an abstract or schedule which lists as to each appropriation the vouchers paid thereunder and the total of the abstract must correspond to the total stated under the appropriation on the account current. The vouchers thus listed on the abstract with supporting papers, must give the details of the transactions.

There are three forms of vouchers for payments generally made—pay roll for groups of officers and employees, or individual pay voucher; travel expense voucher; purchase voucher for payments under contracts, supplies purchased, etc., which must disclose the method of purchase so that it will appear to have been made through competition or the facts must be submitted showing there was an emergency not permitting of delay incident to purchasing through competition.

The payments are generally made by check drawn on the deposit placed to the credit of the disbursing officer with the Treasurer of the United States. These checks may be paid by banks anywhere and transmitted to the Treasurer of the United States, who after charging the depositary account of the disbursing officer transmits them to the General Accounting Office for use in the audit and also reports the amount of the depositary balance.

Payments in cash are permitted usually not in excess of \$20, excepting pay rolls, which may be paid in cash. For all cash payments a receipt must accompany the voucher, but no receipt is required for check payment.

For every payment made by the disbursing officer there must be presented a voucher properly certified and duly supported. This must disclose the uses made of the money whether it be the purchase of a minor article, the payment of personal services, or a contract of large magnitude. The disbursing officer makes the payment subject to the action thereon by the General Accounting Office which examines the accounts item by item with relation to the uses of the appropriation and the authority for the payment and determines the credits authorized under the terms of the appropriation and general statutes. If this is determined in the affirmative the voucher is passed and finally charged against the appropriation, thus becoming a credit against the debit of the moneys withdrawn by requisition. If the payment is negatived a difference is noted and certificate of suspension or disallowance is issued, whereupon the debit of the moneys advanced remains without credit for payment of the voucher. The suspension affords the disbursing officer opportunity to submit explanations or fuller evidence to support the payment, and this is likewise carefully examined and the suspension either removed

or the item disallowed accordingly. The disbursing officer is given the right to have the action of disallowance reviewed and if the disallowance is sustained there is no other course but for him to obtain a refund or otherwise make good the payment determined to have been improper, the surety for the disbursing officer being held responsible as well as the officer personally. The Congress has the power to grant relief but otherwise the action of the General Accounting Office is by law conclusive and binding upon the executive branch of the Government. The review takes into consideration all matters connected with the payment and is not limited to that which appears on the face of the voucher and if a conclusion under the law is reached that the payment is authorized the initial disallowance may be removed by the Comptroller General upon review.

In order that the disbursing officer may have the guidance of the General Accounting Office preliminary to making a payment if there is any doubt thereon, he may present the matter to the Comptroller General for a decision to him in advance of the payment; and likewise the administrative branch preliminary to entering upon any obligation of the appropriation may submit the legality of the proposed use for decision, which also when rendered is controlling. It sometimes occurs that payments are not desirable to be made through disbursing officers, or, pursuant to the provisions of the law "that all claims by or against the United States shall be settled by" the General Accounting Office, matters arising under an appropriation are submitted to it for direct settlement as distinguished from a payment by a disbursing officer. This is the correct procedure where the disbursing officer has been directed not to make payment of a matter he may have submitted for decision, or where complications have arisen through the action of the parties or otherwise, so that a full investigation and determination of the rights of the parties in the matter is best obtained by a direct settlement of the General Accounting Office.

This function of the General Accounting Office is thus primarily a supervision of the uses made of the appropriation by the administrative department and it is the practical control through an informative, unbiased and independent agency which the Congress exercises over the executive branch in the uses of appropriated funds.

Administrative reports are made to the Congress but the legality of the uses made of appropriations rests peculiarly in the functioning of the General Accounting Office. The carrying out of the function is with a preciseness and minuteness of detail that has led to the records of that office showing today substantially the transactions of the Government from its beginning. The expense account of the first President of the United States is still in existence and a copy is on exhibition. Where an indebtedness to the United States appears it is registered so permanently that, as was well said a few years back where an indebtedness occurring many years previously was supposed to have been forgotten, an opportune time appeared to enforce it and action was directed accordingly, called forth the trite remark "Uncle Sam never forgets, and assuredly has his watchdogs of the Treasury."

Public Views of the Budget

Girard Trust Company

Philadelphia, Penn.

THE United States Government is the largest business in the world. There was abundant proof that up until a recent period it was also the most extravagantly managed.

But something far more important than is obvious to casual readers of Washington news has taken place, which completely changes nearly every business procedure of the Federal Government.

The new Budget system lay bare so many leaks and has already stopped up so many holes that a study of its operations will be found highly interesting.

Here is an example of the old way and the new way of doing Uncle Sam's business.

The Coast and Geodetic Survey, which is a part of the Department of Commerce, needed two ships to carry on its work. The United States Navy Department at that moment had 49 mine sweepers which it didn't need and which were going out of commission. Under the old regime the Geodetic Survey would have bought two new ships for a cost of not less than \$1,000,000 because the Navy could not or would not transfer to the Survey's use two perfectly superfluous mine sweepers. What did the Budget Director do? He told the Navy Chief that the Geodetic Survey and the Navy are both parts of the United States and that the property of the one belonged to the other if it could be used by the one and was not needed by the other. The mine sweepers were transferred and Uncle Sam saved \$1,000,000.

During the last Christmas season the United States saved \$50,000 in mail charges by merely learning from the Budget Bureau that it might use some 400 Army trucks that were idle and rapidly deteriorating. That one type of leak in Washington was so extensive that the new system of utilizing Government owned trucks is saving the taxpayers \$100,000 a year.

In one department there were, until the Budget chief took hold, 26 different purchasing agents, no one of them having any relation with any other. By getting the different parts of each of the great departments to work as a unit and then to get all the great departments to regard each other as merely arms of one stupendous business, and not as independent antagonistic branches as formerly, the new Budget Bureau has done a marvelous thing. In one year \$112,000,000 worth of supplies was shifted from departments where they were not used to others that required them. In this one item alone the Government was saved \$32,000,000. Nobody, and least of all President Harding and Director Lord, believes that the end has yet been reached. But the start has proved magnificent and the results almost unbelievably great.

In August, 1921, the Secretary of the Treasury estimated that the total outlay of the Government for the then current fiscal year would be \$4,554,000,000. Well, that fiscal year ended with June 30th last when it was found the expenditures of the Government had been cut to \$3,795,000,000—a reduction of \$759,000,000.

The path has now been blazed and the country has been faced down that path in the right direction. Surely, with the whole world staggering under its load of war debts, the United States Government, which is the richest concern that has ever existed on the earth, can afford to set an example of economy.—*Extracts from "The Girard Letter."*

Mississippi Valley Association

James E. Smith, President

IT is safe to state that during the past decade, a majority of our people have been favoring the adoption of a WISE Budget System, and there is no doubt in the minds of that same majority, that such a plan properly organized and managed by a group of men of wide business experience and good judgment, could finance our governmental affairs and save many millions of dollars annually.

A Budget System which seeks only to "slash" expenses right and left without regard to the effect of such false economy, must result in doing more harm than good. It can be likened to the head of a family, who, finding that he is living beyond his means, retains his motor car and chauffeur, but reduces the rations of his family to a semi-starvation basis. Let me illustrate.

Last year the Director of the Budget proposed an appropriation of \$13,500,000 for the River and Harbor Bill. This amount was so ridiculously out of line that when a protest was made to the Director of the Budget by a group of Congressmen, the amount was raised to \$27,000,000. The chief of Army Engineers had asked for \$42,800,000, stating that this amount was needed to carry on the necessary work that had already been started.

The commercial and agricultural interests of the Mississippi Valley states, demanded of their representatives in Congress, that at least the amount asked for by the engineers should be appropriated and later a fight was made on the floor of the House for this amount and the bill carrying this appropriation was passed by a majority of two to one. \$42,000,000 for the improvement and maintenance of all of the harbors of the Atlantic and Pacific Coasts, the Gulf of Mexico and the Great Lakes, and for all of the inland waterways, of this, the richest nation in the world, is an absurd proposition.

New York harbor alone is now asking for over \$40,000,000 for the deepening of its channels, and this amount is no doubt needed for that, the chief harbor of the country. If we are to create and maintain an adequate Merchant Marine service, it goes without saying that all of our ocean ports will have to be provided with dependable channels of sufficient depth for the vessels plying to and from them, and these ports will have to have proper facilities for the prompt and economic handling of the traffic that must pass through them.

A Budget System which provided by our last session of Congress for an appropriation of \$300,000,000 for a standing army in times of peace; about the same amount for the building of a big navy with which to fight imaginary foes, and over \$100,000,000 for the building of rural highways and then limiting the appropriation for providing adequate transportation facilities for waterway improvements in the most productive area of our country to almost nothing, does not appeal to the sixty per cent of our entire population who live between the Allegheny and Rocky Mountains, the Great Lakes and the Gulf of Mexico, and from whom the larger proportion of our government revenues are obtained.

If \$100,000,000 can be expended annually on the building of rural roadways—which expenditure we highly approve—no less than this amount should be provided for the improvement and use of our great inland waterways which afford the only practical means of solving the vexatious problem of handling the enormous traffic of this, the most productive portion of the United States.

A Budget System operated on any such lines, is *unwise, unfair and indefensible* and cannot endure.

Functions of The United States Treasury Department

As explained in The Congressional Directory, official publication of the U. S. Congress

NOTE: The annual report of the Secretary of the Treasury on the State of the Finances for the fiscal year ended June 30, 1922 will be presented to Congress on December 4, 1922

HON. ANDREW W. MELLON, SECRETARY OF THE TREASURY

ANDREW W. MELLON, of Pittsburgh, Pa., Secretary of the Treasury, was born in Pittsburgh March 24, 1855; University of Pittsburgh, class 1873; LL. D. 1921; Dartmouth College, LL. D. 1922; banker by profession; resigned as president Mellon National Bank of Pittsburgh March 1, 1921, and as executive or director of various

financial and industrial corporations, and took the oath of office as Secretary of the Treasury on March 4, 1921. He is chairman of the Federal Reserve Board, chairman Farm Loan Board, chairman War Finance Corporation, and honorary chairman United States Section of the Inter-American High Commission.

Official Duties

SECRETARY OF THE TREASURY

Andrew W. Mellon. Salary, \$12,000

THE Secretary of the Treasury is charged by law with the management of the national finances. He prepares plans for the improvement of the revenue and for the support of the public credit; superintends the collection of the revenue, and directs the forms of keeping and rendering public accounts and of making returns; grants warrants for all moneys drawn from the Treasury in pursuance of appropriations made by law, and for the payment of moneys into the Treasury; and annually submits to Congress estimates of the probable revenues and disbursements of the Government. He controls the construction and maintenance of public building; the coinage and printing of money; the administration of the Coast Guard and the Public Health branches of the public service, and furnishes generally such information as may be required by either branch of Congress on all matters pertaining to the foregoing. He is ex officio chairman of the Federal Reserve Board, created by act approved December 23, 1913, known as the Federal reserve act; ex officio chairman of the Federal Farm Loan Board, created by act approved July 17, 1916, known as the Federal farm loan act; and honorary chairman of the United States section of the Inter-American High Commission.

UNDERSECRETARY OF THE TREASURY

S. P. Gilbert, jr. Salary, \$7,500.

TO the Undersecretary is assigned the general supervision of all matters relating to the fiscal bureaus, offices, and divisions, as follows: The Federal Farm Loan Board; the office of the Comptroller of the Currency; the office of the Treasurer of the United States; the office of the Director of the Mint; the Bureau of the Budget; the Register of the

Treasury; the Division of Bookkeeping and Warrants; the Division of Deposits; the Division of Loans and Currency; the Division of Public Debt Accounts and Audit; the Savings Division; the Secret Service Division; the Government Actuary; the Commissioner of the Public Debt; and the Commissioner of Accounts and Deposits. The Undersecretary is also authorized to act, for and by direction of the Secretary of the Treasury, in any branch of the Treasury Department.

ASSISTANT SECRETARIES OF THE TREASURY

1. *Assistant Secretary in charge of Foreign Loans and Railroad advances—Eliot Wadsworth, Salary, \$5,000.*
2. *Assistant Secretary in charge of the collection of the Revenue—Elmer Dezer (resigned July 25, 1922) Salary, \$3,000.*
3. *Assistant Secretary in charge of Public Health, Public Buildings; and the Coast Guard—Edward Clifford, Salary \$5,000.*

TO the Assistant Secretary in charge of foreign loans and railroad advances is assigned the general supervision of all matters pertaining to foreign loans and finance, and payments, advances, and loans to the railroads under the transportation act, 1920, and to the following bureaus and divisions: Bureau of Engraving and Printing; Bureau of Supply; office of the Chief Clerk; the General Supply Committee; Appointment Division; Section of Surety Bonds; Division of Mail and Files; Division of Printing and Stationery; the office of the Disbursing Clerk; and all unassigned business of the department.

To the Assistant Secretary in charge of Public Health, Public Buildings, and the Coast Guard is assigned the supervision of those bureaus and the office of the Supervising Architect.

To the Assistant Secretary in charge of Internal Revenue and Customs is assigned the general supervision of all matters pertaining thereto.

Fiscal Bureaus and Offices established by Statutory Law

COMPTROLLER OF THE CURRENCY

D. R. Crissinger. Salary, \$5,000.

THE Comptroller of the Currency is the chief officer of that bureau of the Treasury Department which is charged with the execution of all laws passed by Congress relating to the issue and regulation of the national currency, generally known as national-bank notes, secured by United States bonds; and under the supervision of the Federal Reserve Board is also in charge of the issue of circulating notes to Federal reserve banks.

In addition to these powers the comptroller exercises general supervision over all national banks throughout the United States, including Alaska and Hawaii, in the matter of their organization and regulation. He is vested with the power to appoint receivers and through the courts to enforce penalties prescribed for violations of the national-bank act. The comptroller, with the approval of the Secretary of the Treasury, also appoints all national-bank examiners. Under the Federal reserve act he executed and issued the certificates or charters for the Federal reserve banks. The Comptroller of the Currency is ex officio a member of the Federal Reserve Board.

Reports of condition of all national banks are made to the comptroller not less frequently than five times a year by the banks, and also periodically by the national-bank examiners appointed by him.

His powers are exercised under the general supervision of the Secretary of the Treasury, but under the law his annual report is made direct to Congress; all other bureaus of the Treasury Department report to Congress through the Secretary of the Treasury.

TREASURER OF THE UNITED STATES

Frank White. Salary, \$8,000.

THE Treasurer of the United States is charged with the receipt and disbursement of all public moneys that may be deposited in the Treasury at Washington and in the subtreasuries, and in the national-bank depositories; is redemption agent for national-bank notes, Federal reserve bank notes, and Federal reserve notes; is trustee for bonds held to secure national-bank circulation and public deposits in national banks, and bonds held to secure postal savings in banks; is custodian of miscellaneous trust funds; is fiscal agent for paying interest on the public debt and for paying the land-purchase bonds of the Philippine Islands, principal and interest; is treasurer of the board of trustees of the Postal Savings System; and is ex officio commissioner of the sinking fund of the District of Columbia.

COMMISSIONER OF INTERNAL REVENUE

D. H. Blair. Salary, \$10,000.

THE Commissioner of Internal Revenue has general superintendence of the collection of all internal-revenue taxes; the enforcement of internal-revenue laws and the national prohibition act; recommendation for appointment of internal-revenue employees; compensation and duties of inspectors, agents, and other subordinate officers; the preparation and distribution of instructions, regulations, stamps, forms, blanks, hydrometers, stationery, etc.

THE CONGRESSIONAL DIGEST

DIRECTOR OF THE MINT

F. E. Scobey. Salary, \$5,000.

THE Director of the Mint has general supervision of all the mints and assay offices of the United States. He prescribes the rules, to be approved by the Secretary of the Treasury, for the transaction of business at the mints and assay offices, receives daily reports of their operations, directs the coinage to be executed, reviews the accounts, authorizes all expenditures, superintends the annual settlements of the several institutions, and makes special examinations of them when deemed necessary. All appointments, removals, and transfers in the mints and assay offices are subject to his approval.

Tests of the weight and fineness of coins struck at the mints are made in the assay laboratory under his charge. He publishes quarterly an estimate of the value of the standard coins of foreign countries for custom house and other public purposes. An annual report is prepared by the director, giving the operations of the mint service for the fiscal year, printed in the Finance Report of the Secretary of the Treasury, and giving the statistics of the production of the precious metals in the United States and the world for the calendar year.

REGISTER OF THE TREASURY

Harley F. Spelman. Salary, \$4,000.

THE Register of the Treasury signs all bonds of the United States, the bonds of the District of Columbia, the Philippine Islands, the city of Manila, the city of Cuba, and the Porto Rican gold loans, and keeps records showing the daily outstanding balances thereof. He receives, examines, records, and files all paid and canceled securities representing the interest and principal of the public debt of the United States, and keeps records of the outstanding principal of such indebtedness. He examines and approves for credit in the public debt account the Treasurer's monthly report of paid interest coupons, redeemed and purchased securities, and certifies to and transmits such accounts to the Comptroller General of the United States.

THE FEDERAL FARM LOAN BOARD

Secretary Mellon, Chairman (ex officio) 4 Members of Board. Salaries, \$10,000. Charles E. Laddell, W. H. Joyce, Robert A. Cooper (Vacancy).

THE Federal Farm Loan Board is charged with the administration of the Federal farm loan act. It established the 12 Federal land banks, fixed their respective districts, appointed the temporary directors of each of them, supervises their operations, appoints their registrars and appraisers, and has power to grant charters to national farm loan associations and joint-stock land banks. It makes appraisal of farm lands and prepares and publishes amortization tables. It supervises the operation of national farm loan associations and joint-stock land banks. It is its duty to disseminate by publications of its own and through the press matter setting forth the advantages to borrowers and investors of the system of loans established by the act. It may authorize Federal land banks to appoint agents for the making of loans to farmers in localities which fail to form farm loan associations. It has the power to revise and alter rates of interest charged by Federal land banks; to grant or refuse to Federal land banks or joint-stock land banks authority to make any specific issue of bonds; to control charges made to borrowers for expenses incident to the making of loans; to require Federal land banks to meet their obligations to each other; and to exercise such incidental powers as are necessary or requisite to fulfill its duties and carry out the purposes of the Federal farm loan act.

BUREAU OF ENGRAVING AND PRINTING

Director, Louis A. Hill. Salary, \$6,000.

THE Bureau of Engraving and Printing designs, engraves, prints, and finishes all moneys and securities of the Government, embraced under the following: United States notes, bonds, certificates of indebtedness, certificates, national-bank notes, Federal reserve notes, Federal reserve bank currency, internal revenue, postage, thrift, war savings, customs stamps, and Treasury warrants, Treasury drafts and checks, disbursing officers' checks, licenses, passports, commissions, patent and pension certificates, portraits of deceased Members of Congress and other public officers authorized by law, and all postage stamps, moneys, and securities authorized by the Bureau of Insular Affairs for the insular possessions of the Government.

PUBLIC HEALTH SERVICE

Surgeon-General, Hugh S. Cumming. Salary, \$6,000.

THE act approved August 14, 1912, changed the name of the Public Health and Marine-Hospital Service to the Public Health Service, and considerably increased its powers and functions. The bureau of the service at Washington comprises seven divisions, and the chief clerk's office, the operations of which are coordinated and are under the immediate supervision of the Surgeon General.

The Division of Scientific Research conducts the scientific investigations of the service. Intensive studies of diseases of man, including

anthrax, botulism, influenza, malaria, pellagra, plague, pneumonia, trachoma, tuberculosis, and typhoid fever, of child, school, mental, and industrial hygiene; of rural sanitation; of public health administration; of morbidity; of milk; and of stream pollution and sewage are carried on from special headquarters in the field in cooperation with State and local health authorities. Technical and purely laboratory studies are conducted at the Hygienic Laboratory in Washington, at special field laboratories, and at the leprosy investigation station in Hawaii, the latter being carried on in connection with the medical treatment of lepers. Information thus obtained is disseminated through publications, correspondence, lectures, and conferences with health authorities concerning the results of field studies in their jurisdictions. Through the division the department enforces the act of July 1, 1902, to regulate the sale of viruses, serums, toxins, and analogous products, including arsphenamine. The division is in charge of control measures of trachoma, through the establishment of hospitals and clinics, in the Appalachian Mountain district and other points where the disease is prevalent. The Surgeon General is required by law to call an annual conference of State and Territorial health authorities, and special conferences may also be called at any time. For advice in respect to scientific investigations he may convene the advisory board of the Hygienic Laboratory.

Through the Division of Foreign and Insular Quarantine and Immigration the Surgeon General enforces the national quarantine laws and prepares the regulations relating thereto. He has control of 44 Federal quarantine stations in the United States, and others in the Philippines, Hawaii, and Porto Rico, and supervises the medical officers detailed in the offices of the American consular officers at foreign ports to prevent the introduction of contagious or infectious diseases into the United States. Under section 17 of the act approved February 20, 1907, he has supervision over the medical officers engaged in the physical and mental examinations of all arriving aliens.

The Division of Domestic Quarantine of the Public Health Service carries out measures to suppress epidemics, such as plague and typhus fever, and measures to prevent the spread of epidemic diseases in the United States. The latter includes—

1. Enforcement of the Interstate Quarantine Regulations of the United States.
2. Development of State departments of health, especially divisions of communicable diseases and sanitary engineering.
3. Control over water supplies used for drinking and culinary purposes on railroads, vessels, and other interstate carriers.
4. Sanitation of the National Parks in cooperation with the National Park Service.

The Division of Sanitary Reports and Statistics collects and publishes information regarding the prevalence and geographic distribution of diseases dangerous to the public health in the United States and foreign countries. Court decisions, laws, regulations, and ordinances pertaining to the public health are compiled, digested, and published. Its publications contain articles on subjects relating to the public health. The division issues the Public Health Reports (weekly) and supplements to, and reprints from the Public Health Reports. The section on Public Health Education cooperates with State, local, and volunteer health agencies to extend health educational service throughout the United States. This involves the preparation and distribution of bulletins, stereopticon slides, moving pictures, exhibits, posters, placards, and charts on subjects relating to public health.

Through the Division of Marine Hospitals and Relief, hospital care and treatment is provided for beneficiaries at 20 marine hospitals and 54 Public Health Service hospitals, including 13 for the treatment of tuberculosis patients, 10 for mental and nervous diseases, and 1 for lepers. Eight new hospitals will be opened in the near future, divided as to type as follows: 4 tuberculosis, 2 nervous and mental, and 2 general. Medical examination and out-patient treatment is provided at 157 other relief stations of the Service. The beneficiaries include seamen and officers of registered, enrolled, or licensed merchant vessels of the United States and of the Coast Guard and Lighthouse Service; keepers and assistant keepers of lighthouses, and keepers and surfmen of the United States Coast Guard; seamen employed on United States Army transports and other vessels belonging to the United States Army, when not enlisted men, including vessels of the Engineer Corps of the Army; civil employees injured while in the performance of their duty; lepers in accordance with public act No. 299, Sixty-sixth Congress; seamen employed on vessels of the Mississippi River Commission; officers and crews of vessels of the Bureau of Fisheries and the Coast and Geodetic Survey; patients for special studies and investigation; and disabled veterans of the World War who are patients of the United States Veterans' Bureau. A Purveying Service, with headquarters at Washington, is maintained for the purchase and issuance of supplies and equipment for hospitals and dispensaries. Physical examinations are made of employees of and applicants to the United States Coast Guard to detect color blindness in masters, mates, and pilots; patients of the United States Veterans' Bureau; claimants under the United States Employees Compensation Commission; and applicants for and employees occupying positions in

the classified civil service. The medical evidence of disability in claims for benefits against the United States Coast Guard is also reviewed.

Under the supervision of the Surgeon General, the Division of Personnel and Accounts transacts all bureau matters relating to the appointment, promotion, transfer, resignation, or other change in status of service personnel; convenes boards for the examination or discipline of medical officers; and maintains all personnel records. Through the Section of Finance and Accounts of this division all appropriations for the service are allotted, all vouchers covering expenditures examined, and all expenditures recorded.

The Division of Venereal Diseases was created by act of Congress in July, 1918, "(1) to study and investigate the cause, treatment, and prevention of venereal diseases; (2) to cooperate with State boards or departments of health for the prevention and control of such diseases within the States; and (3) to control and prevent the spread of these

diseases in interstate traffic." The division is organized to carry out the duties assigned to it by the act. Cooperative venereal disease clinics have been established in approximately 300 locations. At these clinics venereally infected persons are receiving modern scientific treatment and are controlled by laboratory methods. State boards of health are being cooperated with by the service in 46 States which have qualified to receive their share of allotments from the Chamberlain-Kahn funds. A comprehensive Nation-wide campaign for securing the necessary educational publicity regarding the seriousness of venereal diseases is being carried on. Hundreds of various agencies are cooperating with the Public Health Service in the extension of this work. Interstate quarantine regulations to prevent the spread of these diseases in interstate traffic have been promulgated by the Secretary of the Treasury.

The general inspection service carries out all special investigations and makes inspections of all activities of the service.

Miscellaneous Bureaus

COAST GUARD

Captain Commandant, Capt. Wm. E. Reynolds

THE Commandant of the Coast Guard is charged by law with the administration of the Coast Guard, under the direction of the Secretary of the Navy in time of war. Headquarters are located at present in the Darby Building, Fourteenth and E Streets N. W. The act of January 28, 1915, provided that the Coast Guard be created in lieu of the then existing Revenue-Cutter Service and the Life-Saving Service, and to be composed of those two organizations. It also provided that it shall constitute a part of the military forces of the United States, and shall operate under the Treasury Department in time of peace and operate as a part of the Navy, subject to the orders of the Secretary of the Navy, in time of war or when the President shall so direct.

In general, the duties of the Coast Guard may be classified as follows: Rendering assistance to vessels in distress and saving life and property; destruction or removal of wrecks, derelicts, and other floating dangers to navigation; extending medical aid to American vessels engaged in deep-sea fisheries; protection of the customs revenue; operating as a part of the Navy in time of war or when the President shall direct; enforcement of law and regulations governing anchorage of vessels in navigable waters; enforcement of law relating to quarantine and neutrality; suppression of mutinies on merchant vessels; enforcement of navigation and other laws governing merchant vessels and motor boats; enforcement of law to provide for safety of life on navigable waters during regattas and marine parades; protection of game and the seal and other fisheries in Alaska, etc.; enforcement of sponge-fishing laws.

To assist the Commandant in conducting the business of his office there are established at headquarters an inspector, having cognizance of matters relating to the inspection of vessels, stations, boats, and all other property, and the following:

Division of operations: Having cognizance of matters relating to the operations of the service.

Division of materiel: Having cognizance of matters relating to supplies, outfits, equipment, accounts, and the files.

Office of construction and repair: Having cognizance of matters relating to the construction of and repairs to the hulls of vessels and boats, stations, wharves, and all other property.

Office of engineer in chief: Having cognizance of matters relating to the construction of and repairs to the motive power of vessels and boats and the machinery of all other property.

Evolution of Annual Appropriation Bills.

1789—All of the appropriations for the support of the Government were made in a single appropriation bill.

1794—The single appropriation bill was split up into two bills, one for the Military and Naval Establishments, and the other for the Civil and Diplomatic.

1799—The Military and Naval Establishments bill was further split up into two separate bills, one the Military Establishment bill, and the other the Naval Establishment bill, thus making three separate appropriation bills.

1823—No further change was made until 1823 when the appropriations for fortifications were made in a separate bill, the Fortifications bill.

1826—Two new bills came into being in 1826, the Rivers and Harbors appropriation bill and the Pensions bill. This made a total of six appropriation bills at this time.

1834—The Military Establishment bill was further subdivided and the Military Academy bill created.

1837—The Indian Affairs appropriation bill was created.

1844—The Post Office appropriation bill was created.

1856—The Civil and Diplomatic appropriation bill was

made into two separate bills, the Civil Appropriation Bill, and the Consular and Diplomatic Appropriation Bill. This brought the total up to ten annual appropriation bills.

GENERAL SUPPLY COMMITTEE

The General Supply Committee is composed of officers, one from each of the executive departments, designated by the head thereof. The Superintendent of Supplies, who is appointed by the Secretary of the Treasury, is ex officio secretary of the General Supply Committee, and he conducts all correspondence, supervises the preparation of all contracts, and performs such other duties as the Secretary of the Treasury may direct. It is the duty of the General Supply Committee to make an annual schedule of required miscellaneous supplies for the use of each of the executive departments and other Government establishments in Washington, to standardize such supplies, eliminating all unnecessary grades and varieties, and to solicit bids based upon formulas and specifications drawn up by such experts in the service of the Government as the committee may see fit to call upon, who shall render whatever assistance they may require, provided that the articles intended to be purchased in this manner shall be those in common use by or suitable to the ordinary needs of two or more such departments or establishments. Every purchase or drawing of such supplies from the contractor is immediately reported to said committee. No disbursing officer may be a member of the committee.

The General Supply Committee has direct charge of the transfer and sale of surplus office material, supplies, and equipment in the hands of the executive departments and other establishments of the Government in the District of Columbia, and is required to keep a record of all material received and disposed of by it.

The General Supply Committee is the central agency to maintain records of all materials, supplies, and equipment available throughout the United States because of the cessation of war activities. To the committee are directed all inquiries from the various governmental establishments regarding the availability of such surplus supplies and equipment.

made into two separate bills, the Civil Appropriation Bill, and the Consular and Diplomatic Appropriation Bill. This brought the total up to ten annual appropriation bills.

1857—The Civil Appropriation Bill was further subdivided, and the Legislative, Executive and Judicial appropriation bill created.

1862—The Civil Appropriation Bill was superseded by the Sundry Civil Appropriation Bill.

1880—Two new bills were brought into being, the District of Columbia bill and the Agricultural appropriation bill.

1921—After the adoption of the budget system the appropriation bills were renamed and arranged according to the chapters in the budget submitted by the President for the fiscal year 1923, as follows: Legislative Establishment; Executive Office and Independent Establishments (in one bill); Departments of State and Justice (in one bill); Department of the Treasury; Department of War; Department of the Navy; Department of the Interior; Department of the Post Office; Department of Agriculture; and Departments of Commerce and Labor (in one bill).

Brief Explanation of the Various Accounts in the Comparative Analysis of Receipts and Expenditures as Given in the Daily Statements of the United States Treasury

By S. P. Gilbert, Jr.

Undersecretary of the Treasury (in charge of Fiscal Affairs)

Receipts

ORDINARY

CUSTOMS:

are composed principally of duties on imported foreign merchandise collected under the provisions of the various tariff acts passed by Congress. During the fiscal year 1922 these duties were imposed by the Underwood Tariff Act of 1913 and the Emergency Tariff Act approved May 27, 1921, but at present duties are imposed by the Fordney-McCumber Tariff Act, approved September 21, 1922. Customs receipts also include receipts from a tonnage tax levied on the net tonnage of all vessels entering United States ports.

INTERNAL REVENUE

INCOME AND PROFITS TAXES:

includes collections made by the Bureau of Internal Revenue of personal and corporation income taxes, and of war and excess profits taxes, levied in the Revenue Acts of 1918 and 1921.

The Sixteenth Amendment to the Constitution authorizes Congress to "lay and collect taxes on incomes from whatever sources derived without apportionment among the several States and without regard to any census or enumeration."

MISCELLANEOUS INTERNAL REVENUE:

includes all other receipts of the Bureau of Internal Revenue such as taxes on transportation, beverages, tobacco and manufactures thereof, admission to places of amusement, club dues, excise taxes, estate taxes, collections under the provisions of the National Prohibition Act, stamp taxes, etc., and "internal revenue" collected through customs offices.

MISCELLANEOUS RECEIPTS.

PROCEEDS GOVERNMENT-OWNED SECURITIES.

Foreign obligations:

includes payments of interest and principal on account of obligations of foreign Governments held by the Treasury. These obligations may be classified as follows: (1) Those representing loans made under the Liberty Bond Acts; (2) those received from the Secretary of War and the Secretary of the Navy on account of sales of surplus war material under the act of July 9, 1918; (3) those received from the American Relief Administration on account of relief supplies furnished under the act of February 25, 1919.

Railroad securities:

includes (1) collections of principal and interest on obligations of the railroads acquired in connection with the operation of the railroads by the Government during the war under section 7 of the Federal Control Act, approved March 21, 1918, as amended; (2) the proceeds of the sale and redemption of Equipment Trust Gold Notes, also acquired in connection with the operation of the railroads

by the Government, and (3) repayments of loans made under the Transportation Act, 1920.

This act provided for the return of the Railroads to private control, and in order to enable the Railroads "properly to serve the public during the transition period," authorized, in section 210, new loans to be made to the Railroads out of a revolving fund created by Congressional appropriation. Repayments of these loans may be credited to the fund and expended again without further authorization by Congress.

All others:

includes principally receipts of cash from the liquidation of the War Emergency Corporation, the entire stock of which is owned by the Government; repayments made by Federal land banks on their capital stock owned by the Government; and payments of Farm Loan bonds held by the United States.

TRUST FUND RECEIPTS:

(reappropriated for investment):

includes receipts from Government Life Insurance Fund, Civil Service Retirement Fund, District of Columbia Teachers' Retirement Fund, and other similar trust funds. These funds are invested by the Treasurer of the United States and the securities held to their credit.

PROCEEDS FROM THE SALE OF SURPLUS PROPERTY:

includes receipts from the sale of surplus property by various departments and agencies of the Government, where there is no special provision permitting the proceeds of the sale to be credited to special appropriations; also includes receipts from sales of securities received by the Secretary of War and the Secretary of the Navy on account of the sale of surplus war supplies.

PANAMA CANAL TOLLS, ETC:

includes principally receipts from tolls levied on vessels passing through the Canal, and receipts from the proceeds of taxes, licenses, fines, etc., collected in the Canal Zone.

RECEIPTS FROM MISCELLANEOUS SOURCES CREDITED DIRECT TO APPROPRIATIONS:

represents receipts from various disbursing officers which have never been covered into the Treasury before and which have been designated by Act of Congress to be credited direct to the appropriation of the Department through which the collection is made, e.g. collections made by the Bureau of Engraving and Printing for printing Philippine paper money instead of going into the general fund of the Treasury are credited directly to the appropriation of the Bureau of Engraving.

OTHER MISCELLANEOUS:

includes collections made by the Division of Customs and credited to other departments, such as the "head tax" levied on immigrants, and "Commerce receipts"; proceeds from the sale of public lands; etc.

Expenditures

ORDINARY

GENERAL EXPENDITURES:

includes all expenditures of the Government not specifically designated below.

INTEREST ON PUBLIC DEBT:

includes (1) all payments of interest on the public debt, and (2) accrued discount on Treasury Savings Certificates, new series. Since the amount of these Treasury Savings Certificates outstanding is carried on the Public Debt Statement at their redemption value, the additional accrued discount is added each month as a public debt receipt and the corresponding amount charged against interest on Public Debt.

REFUNDS OF RECEIPTS:

CUSTOMS:

includes chiefly refunds of deposits, and payments of drawbacks. Deposits are frequently made by importers pending a decision as to the amount of duty collectible. A Drawback is a refund of the duty which was paid when goods were imported. This is done only when imported goods are actually exported instead of being used for domestic consumption.

INTERNAL REVENUE:

includes refunds of taxes illegally collected.

POSTAL DEFICIENCY:

payments on account of amount appropriated by Congress to cover "excess of expenditures over receipts" in the postal service.

PANAMA CANAL:

includes all expenditures for maintenance and operation of the Panama Canal except those for "fortifications" which are included under expenditures by the War Department under "General Expenditures" above.

OPERATIONS IN SPECIAL ACCOUNTS

RAILROADS:

includes (1) payments to Railroads by the Director General in settlement of matters arising out of or incident to Federal Control, as provided in section 202 of the Transportation Act of 1920; (2) reimbursements for deficits arising during the period of operations under Federal Control, as provided for in Transportation Act of 1920, section 204; (3) payment on account of the six months' guaranty to Railroads under the Transportation Act, 1920, section 209; and (4) payments by Director General of Railroads on account of final awards, reparations, claims, etc., under Transportation Act, 1920, section 206.

ALL OTHER:

The accounts of the War Finance Corporation, Shipping Board, Alien Property Custodian, Grain Corporation and Sugar Equalization Board are carried on the books of the Treasurer as checking accounts. When an entry is recorded as "excess of credit" it means that more deposits were credited to the account during that period than disbursements made.

PURCHASE OF OBLIGATIONS OF FOREIGN GOVERNMENTS:

represents loans made to foreign governments in exchange for which the United States receives the obligations of the Government to whom the loan is made.

LOANS TO RAILROADS:

represents payments on account of loans under section 210, Transportation Act, 1920.

INVESTMENT OF TRUST FUNDS:

represents disbursements for the purchase of securities to be held for the account of the funds listed under *Trust Fund Receipts* above.

PUBLIC DEBT RETIREMENTS CHARGEABLE

AGAINST ORDINARY RECEIPTS.

SINKING FUND:

The cumulative sinking fund is a fund provided for the redemption or purchase of Liberty bonds and Victory notes. For the fiscal year 1920 and each year until all such securities are retired, the Victory Liberty loan act appropriates for this purpose (1) $2\frac{1}{2}$ per cent of the difference between the amount of such securities outstanding July 1, 1920, and the par amount of the obligations of foreign governments owned by the United States on that date; plus (2) the interest which would have been payable during the fiscal year for which the appropriation is made on all bonds retired through this fund during that and previous years. Bonds and notes so acquired are canceled and retired. The amount shown in this account represents the face value of Liberty bonds and Victory notes purchased for retirement.

PURCHASES FROM FOREIGN REPAYMENTS:

represents the face value of securities purchased for retirement according to the provisions of the Second Liberty Bond Act, from payments made by foreign governments on account of principal of loans granted them by the United States under the Liberty bond acts.

RECEIVED FOR ESTATE TAXES:

represents the face value of securities received in payment of "estate taxes."

PURCHASES FROM FRANCHISE TAX RECEIPTS (FEDERAL RESERVE BANKS):

represents the face value of securities purchased for retirement from receipts of Federal Reserve Bank franchise tax. The Federal Reserve Act as amended provides that after deductions for dividends and surplus, the net earnings of the Federal Reserve Banks shall be paid to the Government as a franchise tax, to be used, at the discretion of the Secretary of the Treasury, to supplement the gold reserve against outstanding United States notes, or to the reduction of the outstanding bonded indebtedness of the United States. To date all payments of franchise tax by the Federal Reserve Banks have been used to purchase and retire Government obligations.

FORFEITURES, GIFTS, ETC:

represents the face value of securities received for retirement on account of forfeitures and gifts.

Editor's Note—

It should be noted that this statement covers only ordinary receipts and expenditures together with the public debt retirements chargeable against ordinary receipts and does not include an explanation of the various items in public debt Receipts and Expenditures as shown on page 3 of the daily statement. The amounts shown as public debt receipts represent the proceeds from the sale of the various types of

Government securities and deposits for retirement of National-bank notes and Federal reserve bank notes, while public debt expenditures represent the redemption and retirement of these securities and bank notes.

Total public debt receipts during the first five months of the fiscal year 1923 (July 1, 1922–Nov. 1, 1922) were \$2,044,409,664.38.

Total public debt expenditures during the first five months of the fiscal year 1923 (July 1, 1922–Nov. 1, 1922) were \$1,930,007,436.83.

Comparative Analysis of Receipts and Expenditures

Reprinted from Daily Statement of the United States Treasury.

For the Fiscal Year 1923,* to date (July 1, 1922-Nov. 1, 1922)

RECEIPTS. ORDINARY.		EXPENDITURES. ORDINARY.	
Customs.....	\$169,774,911.00	(Checks and warrants paid, etc.).....	
Internal revenue:		General Expenditures.....	\$671,099,980.90
Income and profits tax.....	369,182,819.10	Interest on public debt.....	294,095,146.02
Miscellaneous internal revenue.....	358,463,071.26	Refund of receipts:	
Miscellaneous receipts:		Customs.....	17,684,925.34
Proceeds Government-owned securities—		Internal revenue.....	41,325,415.25
Foreign obligations—		Postal deficiency.....	22,201,089.35
Principal.....	517,878.04	Panama Canal.....	880,472.21
Interest.....	64,386,020.43	Operations in Special Accounts:	
Railroad securities.....	38,116,268.28	Railroads.....	51,359,233.80
All others.....	27,579,060.13	War Finance Corporation.....	10,294,769.56
Trust fund receipts (reappropriated for invest-		Shipping Board.....	16,667,105.83
ment).....	8,917,170.13	Alien property funds.....	3,882,484.70
Proceeds sale of surplus property.....	27,383,364.26	Grain Corporation.....	
Panama Canal tolls, etc.....	4,225,761.66	Sugar Equalization Board.....	
Receipts from miscellaneous sources credited		Purchase of obligations of foreign government.....	
direct to appropriations.....	27,705,035.39	Loans to railroads.....	3,783,587.00
Other miscellaneous.....	81,550,835.66	Investment of trust funds:	
Total ordinary.....	1,177,802,195.34	Government Life Insurance Fund.....	8,880,682.56
		Civil Service Retirement Fund.....	9,773,015.71
		District of Columbia Teachers' Retirement	
		Fund.....	36,487.57
		Total ordinary.....	1,151,964,395.80
Excess of ordinary receipts over total expenditures		Public debt retirements chargeable against ordinary	
chargeable against ordinary receipts.....		receipts:	
Excess of total expenditures chargeable against		Sinking fund.....	106,995,700.00
ordinary receipts over ordinary receipts.....	82,259,850.46	Purchases from foreign repayments.....	561,000.00
		Received for estate taxes.....	528,650.00
		Purchases from franchise tax receipts (Fed-	
		eral reserve banks).....	
		Forfeitures, gifts, etc.....	12,300.00
		Total.....	108,097,650.00
		Total expenditures chargeable against	
		ordinary receipts.....	1,260,062,045.80

* Receipts and expenditures for June reaching the Treasury in July are included.

NOTE.—The analysis of receipts and expenditures for the fiscal year 1923 is on the same basis as the Budget, with necessary adjustments to cover receipts credited to appropriations, including particularly proceeds of railroad securities. The analysis for the fiscal year 1922 is on the Budget basis, without adjustment. The figures given for operations in special accounts are net figures and make allowance for receipts and deposits credited to the account concerned.

Appropriations for the Treasury Department

For the Fiscal Year Ending June 30, 1923.

Total, Treasury Department Appropriation Act (see allotments below)..... \$118,738,573.81

In addition to the appropriations for the fiscal year 1923 carried in the foregoing annual Treasury Department Appropriation Act, the following amounts were appropriated for such fiscal year in the following Acts:

Third Deficiency Act.....	96,735.00
Increased Compensation Act (Annual bonus of \$240 to Government employees).....	10,724,326.00
Permanent annual appropriations.....	1,375,396,910.63
Grand total.....	\$1,504,956,545.44

Principal Allotments

TREASURY DEPARTMENT ANNUAL APPROPRIATION ACT.

Office of The Secretary.....	\$73,260.00	Office of Treasurer of the U. S.....	\$1,360,130.00
Office of Chief Clerk.....	426,710.00	Office, Comptroller of Currency.....	297,660.00
Contingent Expenses.....	178,550.00	Internal Revenue Service.....	60,620,880.00
General Supply Committee.....	120,000.00	Coast Guard.....	9,874,118.50
Public Debt Service.....	4,704,941.31	Bureau of Engraving and Printing.....	6,073,240.00
Division of Printing and Stationery.....	710,190.00	Secret Service.....	413,440.00
Customs Service.....	11,528,500.00	Public Health Service.....	9,836,424.00
Bureau of The Budget.....	154,800.00	Mints and Assay Offices.....	1,360,950.00
Federal Farm Loan Bureau.....	255,220.00	Public Buildings.....	10,253,130.00

The Purpose of the Federal Reserve Bank

By Edmund Platt

Vice-Governor, Federal Reserve Board

A Federal Reserve Bank is primarily a banker's bank. It makes no loans direct to individuals, firms, corporations, municipalities or to the United States Government; receives deposits only from the Government, its member banks and, for the purpose of creating exchange, from those non-member banks which have elected to clear their checks through the Federal Reserve Bank. Only banks which are members of the Federal Reserve System may borrow from a Federal Reserve Bank.

The Federal Reserve Banks were opened for business November 16, 1914, but their transactions were comparatively small until after the United States entered the World War in 1917. Several of the banks have since found it necessary to establish branches within their respective districts, as permitted by law, and there are at present twenty-three Branch Federal Reserve Banks in addition to the twelve parent institutions.

All National Banks are members of the Federal Reserve System. State banks and Trust Companies may of their own volition join the System, and there are 1,658 State Bank and Trust Company members at this time. The entire membership totals 9,926.

A member bank is required to subscribe to an amount of Federal Reserve stock equal to six per cent of its own capital and surplus. The par value of a share of Federal Reserve Bank stock is \$100.00. Fifty per cent of the par value of the stock of each Reserve Bank has been paid in, the remaining fifty per cent being subject to call. The stock-holding banks receive a dividend on their holdings of the paid in capital stock, the law providing that after all necessary expenses of the Federal Reserve Bank have been met, stockholders are entitled to receive an annual dividend of six per cent on the paid in capital stock, which dividend is cumulative.

The Government of the United States derives revenue from the operations of the Federal Reserve Banks only through an excess profit, or franchise tax. At the close of the year a Federal Reserve Bank, after it has paid the dividend to which its stockholders are entitled and adjusted its surplus account as provided by law, pays to the Government as a franchise tax the entire remaining amount of its net earnings for the year. Federal Reserve Banks have thus far paid into the Government as franchise tax the sum of \$124,537,336.

It must not be supposed, however, that Federal Reserve Banks are governmental institutions. They are from a legal standpoint private corporations, organized under a special act of Congress. None of the stock of Federal Reserve Banks is owned by the Government, the entire stock being owned by the National Banks and by the State Banks and Trust Companies which have joined the Federal Reserve System.

There are certain functions, independent of their banking functions, which the Federal Reserve Banks are required by law to perform for the Government, such as acting as Fiscal Agents for the Treasury Department in connection with the sale, distribution and redemption of Government bonds and certificates, and in their conduct of the duties formerly discharged by the Sub-Treasuries.

The 12 Federal Reserve Banks are located as follows:

Boston	Richmond	Minneapolis
New York	Atlanta	Kansas City
Philadelphia	Chicago	Dallas
Cleveland	St. Louis	San Francisco

A Federal Reserve Bank is an autonomous institution, having a board of directors composed of nine members, six of whom are elected by the stockholding banks and three appointed by the Federal Reserve Board. Three of the directors elected by the stock-holding banks are direct representatives of those banks, the other three being representative of the business community. One of the three directors appointed by the Federal Reserve Board is designated by it as Chairman of the Board of Directors of the Federal Reserve Bank and as Federal Reserve Agent. The Federal Reserve Agent has custody of the collateral for the issues of Federal Reserve notes, and is authorized under law to appoint one or more Assistant Federal Reserve Agents subject to the approval of the Federal Reserve Board. With this exception all officers and employees of the Federal Reserve Banks are chosen by their Boards of Directors, the Federal Reserve Board being given power to approve salaries and to make removals for cause.

The Board of Directors of a Federal Reserve Bank is directly responsible for the management of the institution, the Federal Reserve Board having only a general supervisory and regulatory authority over the banks. The Federal Reserve Act defines the powers of the Federal Reserve Board as well as those of the Boards of Directors of the Federal Reserve Banks.

The Directors of a Federal Reserve Bank are charged by law with the performance of the duties usually appertaining to the office of directors of banking associations and with the duty of administering affairs of the Federal Reserve Bank fairly and impartially, without discrimination in favor of or against any member bank or banks. They have the right to exercise all powers specifically granted by law and such incidental powers as may be necessary to carry on the business of banking within the limitations prescribed by law. They have not, however, nor has the Federal Reserve Board, any control over the policy which shall govern a member bank in its transactions with its customers. Neither the Federal Reserve Board nor the Directors of a Federal Reserve Bank can compel any commercial bank to make a loan which it does not desire to make nor restrain it from making a loan which it approves of making.

The Federal Reserve Banks do not compete one with another, nor do they enter into competition with the commercial banks of the country. They are the bankers' banks and upon them their member banks may rely when needed for assistance along sound banking lines in meeting legitimate credit requirements of commerce, business and agriculture.

At the close of business November 15, 1922, the twelve Federal Reserve Banks combined held bills discounted for their member banks totaling \$652,805,000, Federal Reserve notes in actual circulation amounted to \$2,321,219,000, and deposits standing to the credit of their member banks totaled \$1,855,552,000. The total gold and lawful money reserves of the Federal Reserve Banks on the same date was \$3,204,760,000, or 75.2% of their deposit and Federal Reserve note liabilities combined.

Members, Federal Reserve Board.

Andrew Mellon, Sec'y of Treas., ex-officio, Chairman.
D. R. Crissinger, Comptroller of the Currency, ex-officio.
Governor (term of W. P. G. Harding expired Aug. 9).
Vice-Governor (now acting Governor), Edmund Platt.
Chas. S. Hamlin, Adolph C. Miller, John R. Mitchell.
Additional "farmer" member is to be appointed.

Notes on Foreign Governments

By ANNIE M. HANNAY

These notes will be continued from month to month and when the Foreign Parliaments are in session a review of current legislation in the largest countries will be given.

Additional detailed information in regard to foreign governments may be procured through the CONGRESSIONAL DIGEST Information Service for a nominal charge.

Questions and answers will be published from time to time in this Department. Address your inquiries to Foreign Department, CONGRESSIONAL DIGEST, Munsey Bldg., Washington, D. C.—*Editor's Note.*

(Countries listed alphabetically)

Belgium

"Constitutional, representative and hereditary monarchy."

King—Albert, December 17, 1909.

Prime Minister and Minister of Finance—Georges Theunis, December 14, 1921.

EXECUTIVE POWER

The executive power is exercised by the Prime Minister and 11 heads of Government departments. There are also a number of ministers "without portfolio," called on special occasions by the King.

LEGISLATIVE POWER

The legislative power is vested in the King, the Senate and the Chamber of Representatives.

Senate—Senators are elected for 4 years, partly directly and partly indirectly. The number elected directly is equal to half the number of members of the Chamber of Representatives, and is in proportion to the population of each province. Senators elected indirectly are chosen by the provincial councils, 3 for each province on the basis

of one for 200,000 inhabitants, and an additional senator for 125,000 over and above the 200,000. Half as many senators as are elected by the provincial councils are elected by the Senate itself. All senators must be 40. Sons of the King or princes of the reigning branch of the Royal Family become senators at the age of 18, but take no part in the deliberations until they are 25.

Chamber of Representatives—There are at present 186 representatives elected directly by the electoral body for 4 years. They must be 25 and reside in Belgium. Their salary is 12,000 francs (about 2,300 dollars) and they have a free railway pass between their place of residence and the capital.

The Senate and Chamber meet every year in November and must sit for at least 30 days. The King has the power of convoking them on extraordinary occasions and of dissolving them either together or separately. A new election must then take place within 40 days and a new meeting within two months.

British Empire

Great Britain

(England—Scotland—Wales)

Constitutional Monarchy

King—George V, May 6, 1910.

Prime Minister—Andrew Bonar Law (Conservative), October 23, 1922.

EXECUTIVE POWER

The executive power is vested nominally in the Crown, but it is actually wielded by the Cabinet, the existence of which is dependent on the support of a majority in the House of Commons. The head of the Cabinet is the Prime Minister, appointed by the King. His colleagues, consisting of the political chiefs of the principal government departments, are appointed on his recommendation.

LEGISLATIVE POWER

The legislative power is vested in 2 Houses of Parliament, the House of Lords and the House of Commons.

House of Lords—The House of Lords is composed of English peers by hereditary right; English peers created by the King; English archbishops and bishops; 16 Scottish peers elected for the duration of parliament; hitherto 16 Irish peers elected for life. Peeresses are not eligible.

House of Commons—The House of Commons is composed of members representing county, borough and university constituencies. The next House of Commons, which will probably meet on November 20 if the general election is held on November 15, will number 615 members instead of 707, as the establishment of the two parliaments

in Ireland withdraws Irish representatives from Westminster. Clergymen of the Church of England or of the Church of Scotland and Roman Catholic clergymen, as well as all persons under 21, are disqualified as members of the House of Commons. Since 1918 women have been eligible, and the first woman member, Lady Astor, took her seat in December, 1919. Two registers of Voters are made up every year, and only those whose names are on those registers have the right to vote. Men must be 21 and have resided in or occupied business premises of an annual value of not less than 50 dollars in the same county or borough for the 6 months immediately preceding January 15 or July 15.

Women must be 30 and single women must have lived in or occupied business premises of an annual value of 25 dollars during the specified period of 6 months. Lodgers in unfurnished, but not furnished rooms have a vote, if otherwise qualified. There is also a University franchise. Men who served in the war may be registered as voters at the age of 19. For 5 years after the war conscientious objectors who have done no war work or work of national importance are disqualified as voters. Members of the House of Commons who are not in receipt of other salaries as ministers, etc., receive a salary of 400 pounds a year (about 2,000 dollars at the normal rate of exchange). The limit of the duration of the British parliament is 5 years.

Australia

The Commonwealth of Australia, consisting of six states, was proclaimed at Sydney on January 1, 1901.

Governor-General—Right Hon. Baron Forster of Lepe, October 6, 1920.

Prime Minister and Minister for External Affairs—Right Hon. W. M. Hughes.

EXECUTIVE POWER

The executive power is vested in the King of Great Britain, and exercised by the Governor-General and an Executive Council of not more than 9 ministers who must be or must become within 3 months members of the Federal parliament.

The salary of the Governor-General is 10,000 pounds (about 50,000 dollars).

Dominion of Canada

Governor-General—Lord Bying of Vimy, August 2, 1921.

Prime Minister and Secretary of State for External Affairs—Hon. William Lyon MacKenzie King, December, 1921.

EXECUTIVE POWER

The executive power is vested in the King of Great Britain, and exercised in his name by the Governor-General and a Privy Council. The Privy Council never meets as a body since it contains members of former administrations. But the Cabinet consists of the Prime Minister and such of the Privy Counsellors as best represent the views and policies of the Political party that has a majority in the House of Commons.

The salary of the Prime Minister is 15,000 dollars with 4,000 dollars sessional allowance; that of the other ministers 10,000 dollars.

LEGISLATIVE POWER

The legislative power is exercised by a parliament of 2 Houses, Senate and House of Commons.

Senate—The Senate is composed of members nominated for life by the Governor-General, the total number not

The Government of India is established by the Government of India Act, finally amended in 1919.

Emperor of India—King George V.

Viceroy and Governor-General—Right Hon. The Earl of Reading, April, 1921.

GOVERNMENT IN ENGLAND

The government of the Indian Empire in England is carried on by the Secretary of State for India and a Council, appointed by him for 5 years, of not less than 5 and not more than 12 members. Half of the members must have resided in India for a period of 10 years, including the 5 years immediately preceding their appointment. They must not be members of parliament. The salary of the Secretary of State for India is paid by Great Britain.

EXECUTIVE POWER

The executive power is vested in the Governor-General appointed by the Crown for 5 years. The Executive

Ireland

On December 23, 1920, Government of Ireland Bill became law, providing for the establishment of 2 parliaments, one for Northern Ireland (6 counties) and one for Southern Ireland (26 counties).

LEGISLATIVE POWER

The legislative power is vested in a Federal parliament consisting of the Governor-General as representative of the King, a Senate and a House of Representatives.

Parliament must sit at least once every year. Both Senators and representatives are elected by universal adult suffrage. All members of parliament must be natural-born subjects of the King or they must have been naturalized for 5 years. They must have resided in the Commonwealth for 3 years. Women are eligible for election.

Senate—Senators are elected for 6 years, each of the 6 original states returning 6 members. In case of prolonged disagreement with the House the Senate may be dissolved and a new one elected.

House of Representatives—The House of Representatives consists of about twice as many members as there are Senators. The term of office is three years unless the House is sooner dissolved.

Canada

to exceed 104. Each senator must be a native or naturalized citizen, 30 years old, and must reside in and own property worth 4,000 dollars in the province he represents.

House of Commons—The members of the House of Commons are elected by the people for 5 years. Quebec has always 65 members, and the other provinces have a proportional number according to the latest census. Women have the vote and are eligible for election to the House of Commons.

The Speaker in the House of Commons has a salary of 6,000 dollars and each member an allowance of 4,000 dollars for the session. Members may be absent on 15 days after which 25 dollars are deducted from their salary for each day of absence. The leader of the opposition has a salary of 10,000 dollars in addition to his sessional allowance.

A Department of External Affairs has charge of all Imperial and Inter-Dominion Affairs. It has recently been arranged that a Minister Plenipotentiary will represent Canadian interests in Washington. In the absence of the British Ambassador he will represent Imperial interests as well.

India

Council has charge of the various government departments. It has no fixed number of members, but at least 3 must have served for 10 years in India, and one must be a barrister or an advocate of 10 years' standing.

LEGISLATIVE POWER

The legislative power is vested in the Governor-General and 2 Chambers: the Council of State and the Legislative Assembly.

Council of State—The Council of State consists of 60 members of whom 33 are elected and 27 nominated. Not more than 20 of the nominated members may be officials. The normal life-time of the Council of State is 5 years.

Legislative Assembly—The Legislative Assembly is composed of 144 members of whom 103 are elected and 41 nominated. Of the latter 26 are officials. The normal duration of the Assembly is 3 years.

NORTHERN IRELAND

The Act was welcomed in the North and a parliament was elected, and was opened by the King in June, 1921. A ministry of 6 members responsible to parliament was formed.

Ireland—cont'd

Prime Minister—Right Hon. Sir James Craig, Bt.
Parliament consists of the King, a Senate and a House of Commons.

Senate—The Senate consists of 2 ex-officio and 24 elected members.

Senators hold office for a fixed term of years.

House of Commons—The House of Commons is composed of 52 members elected for 5 years unless the House is sooner dissolved. The qualifications for membership are similar to those of the Imperial House of Commons to which Northern Ireland is to continue to send 13 members.

In case of disagreement the two Houses are to have a joint sitting and decide the matter at issue by an absolute majority.

The Powers of the Parliament and government of Northern Ireland are wholly domestic.

Under the 1920 Act the unity of Ireland was to be preserved by a Council of Ireland consisting of 40 members, 20 from each parliament, "with a view to the eventual establishment of a parliament for the whole of Ireland and to the promotion of mutual intercourse and uniformity in relation to matters affecting the whole of Ireland." It was proposed that the 2 parliaments, by identical acts agreed to by a majority of the House of Commons of each parliament, should have power to establish, in lieu of the Council, a parliament for the whole of Ireland.

IRISH FREE STATE

Southern Ireland opposed the Act. The Sinn Fein members of the Southern parliament assembled in the Dublin Mansion House and again proclaimed the Irish Republic with de Valera as President. Their parliament, Dail Eireann, was declared an illegal body by the British government. The Irish Republican army was recruited, and a period of strife, bloodshed and destruction of property followed until early in July a formal truce was declared. The British government and the government of the Irish Republic each appointed a delegation to discuss a settlement. At length, after prolonged negotiations, 18 articles of agreement were drawn up and signed on December 6, 1921, subject to their ratification by the British parliament and Dail Eireann. On December 16, British parliamentary sanction was obtained. The debate lasted longer in Dail Eireann. De Valera disavowed the agreement. But finally on January 7, 1922, it was ratified. A Provisional Government for the purpose of bringing the new Irish Free State into being was constituted on January 14, with Michael Collins as acting Premier. On January 16 the Lord Lieutenant, Viscount Fitzalan, handed over the reins of government to Mr. Collins and

the Irish Free State came formally into being. The ratifying Act (Irish Free State Agreement Act) was passed by the British House of Commons March 8, 1922.

The Irish Free State will cease to send members to the Imperial Parliament.

President of Dail Eireann—William T. Cosgrove, September 9, 1922.

Irish Constitution—The Irish Constitution, published by the Provisional Government in June, was passed by Dail Eireann on October 25, 1922. It is expected that it will receive the final sanction of the new British parliament before December 6, 1922, the time limit fixed by the Anglo-Irish Treaty.

According to the constitution, the Irish Free State is a "co-equal member of the Community of Nations forming the British Commonwealth of Nations."

EXECUTIVE POWER

The executive power is vested in the King, but will be exercised by a representative, assisted by an Executive Council responsible to the Chamber of Deputies.

LEGISLATIVE POWER

The legislative power is vested in the King and the Parliament of the Irish Free State composed of a Senate and a Chamber of Deputies. Every member of parliament is to take the oath of allegiance to the King before taking his seat. Each house is to elect its own chairman and deputy chairman and prescribe their powers. Provision is made for payment of members, and parliament may, in addition, provide them with free travelling facilities in any part of Ireland. Parliament must hold at least one session each year.

Senate—The Senate is to consist of 56 members, exclusive of 2 members from every University in the Irish Free State. Members must be 35. The term of office is 12 years. One-fourth of the members, exclusive of the University members, are to be elected every 3 years; one member is to be elected by each University every 6 years. All citizens of the Irish Free State who are 30 years old and otherwise qualified, shall have the right to vote for members of Senate.

The Chamber of Deputies—The Chamber of Deputies will consist of a number of members to be fixed from time to time by parliament, the total number not to be fixed at less than one member for each 30,000 of the population nor at more than one member for each 20,000 of the population. Citizens of 21 may vote, if they are otherwise qualified. Every University has the right to send 4 members to the Chamber of Deputies. The Chamber will sit for 4 years unless it be dissolved sooner.

New Zealand

Dominion of New Zealand since 1907.

Governor-General—Viscount Jellicoe of Scapa, September 27, 1920.

Prime Minister—Right Hon. W. F. Massey.

EXECUTIVE POWER

The executive power is exercised by the Governor-General, appointed by the King, and a Cabinet of 10 members. The salary of the Governor-General is 5,000 pounds (about 25,000 dollars) with 12,500 dollars allowances. The salary of the Prime Minister is 2,000 pounds (about 10,000 dollars).

The prime minister is selected by the Governor-General because he is the leader of the party with confidence of the majority in the House of Representatives, and he in turn chooses his colleagues.

LEGISLATIVE POWER.

The legislative power is vested in the Governor-General and a parliament of 2 Chambers: a Legislative Council and a House of Representatives.

Legislative Council—The Legislative Council consists of 41 members appointed for 7 years by the Governor-General. It is to be made elective at a date still to be fixed. 24 members are to be chosen at the first election, afterwards 40. Three maori (native) members may be appointed by the Governor-General. Present members will fill out the term of their appointment. Members are paid at the rate of 350 pounds (about \$1,750) per year.

House of Representatives—There are 80 representatives including 4 maoris. They are elected by the people for 3 years. All men and women resident one year in the Dominion and one month in an electoral district can be registered as voters for that district. Adult maori residents in any of the four maori electoral districts can vote.

Union of South Africa

Established May 31, 1910. Comprises Cape Colony, Natal, Transvaal, Orange Free State.

Governor-General—Prince Arthur of Connaught.

Prime Minister and Minister of Native Affairs: General The Right Hon. T. C. Smuts.

EXECUTIVE POWER

The executive power is vested in the Governor-General appointed by the sovereign and an Executive Council of 10 ministers, heads of government departments. Ministers called "ministers without portfolio" who do not administer any departments are sometimes appointed. A minister is responsible to parliament. He must be a member of one or other of the 2 houses. The House of Assembly may show its want of confidence in him by refusing to vote his salary.

The salary of the Governor-General is 10,000 pounds (about 50,000 dollars).

That of the Prime Minister is 3,500 pounds (about 7,500 dollars).

LEGISLATIVE POWER

There are two Houses of Parliament, a Senate and a House of Assembly. The Governor-General has power to summon, prorogue or dissolve parliament, either both houses simultaneously or the House of Assembly alone. But the Senate may not be dissolved within 10 years of

the establishment of the Union, and its dissolution is only to affect its elective members, not those nominated by the Governor-General. Parliament must meet every year.

Senate—There are 40 Senators. For the first 10 years after the establishment of the Union 8 are nominated by the Governor-General and 32 are elected, 8 from each province. A new arrangement may be made after 10 years by parliament. Otherwise the arrangements made in the South Africa Act are to hold good.

A Senator must be a British subject of European descent, 30 years old, qualified as a voter in one of the provinces and resident for 5 years within the Union. An elected senator must own property of the value of 500 pounds (about 2,500 dollars), exclusive of the amount of any mortgage thereon. 12 members form a quorum.

House of Assembly—The House of Assembly consists of 134 members directly chosen by popular vote of the parliamentary electors of the Union. Members must be British subjects of European descent, registered voters and resident for 5 years within the limits of the Union. 30 members constitute a quorum.

Members of both houses receive a salary of 400 pounds (about 2,000 dollars). This allowance is subject to a deduction of 15 dollars for every day of the session on which the member is absent in excess of 15 days. Every member of parliament must take the oath of allegiance.

France

Republic

President—Alexandre Millerand, September 23, 1920.

President of Council and Minister of Foreign Affairs—Raymond Poincaré, January 15, 1922.

EXECUTIVE POWER

The executive power is vested in the President and the ministry. The President of Council (prime minister) is appointed by the President and may be, but is not necessarily, a senator or a deputy. He chooses his colleagues as heads of the various administrative departments. The ministry, now numbering 14 members, is responsible for general policy of the government.

LEGISLATIVE POWER

The legislative power is wielded by the Senate and the Chamber of Deputies.

Senate—The Senate is composed of 314 members elected for 9 years, one-third of the number retiring every 3 years. The elections are held by departmental electoral colleges. Senators must be 40 years old.

Chamber of Deputies—The Chamber of Deputies is

composed of 610, elected for 4 years. Each deputy must be at least 25 years old. All male citizens of 21, not in military service, and who have resided for 6 months in one place have the right to vote.

Both houses meet on the second Tuesday in January, and must remain in session at least 5 months in the year. The President may adjourn them, but only for a month at a time and not more than twice in one session. He must convoke them on the demand of half the members of each house. The President of the Senate is the second personage in the State; the President of the Chamber is the third. Both take precedence of the President of Council.

The President of the Republic receives 1,200,000 francs a year (about \$230,000 at the normal rate of exchange), and 1,200,000 francs for expenses. Senators and deputies are paid 27,000 francs a year (about 5,000 dollars) and travel free on all railways by making a small annual payment.

Widows and orphans of deputies receive a pension from a fund, contributions to which are deducted from the salaries of the deputies.

Germany

Republic

President—Friedrich Ebert, February 11, 1919.

Chancellor—Wilhelm Cuno, November 16, 1922.

On the abdication of the German Emperor on November 9, 1918, the government was taken over by the Council of Commissioners of the People until such time as a National Assembly could be formed. Elections were held in January 1919, all men and women of 20 years of age being entitled to vote, and the resulting National Assembly,

with a socialist majority, met at Weimar on February 6, 1919. On February 11 it elected the social democrat, Friedrich Ebert, President of the German Republic. On August 21, he solemnly took the oath of fidelity to the new constitution which had been promulgated on August 11.

Future presidents are to be elected for 7 years by the whole German people, and every German of 35, man or woman, is eligible for election.

(Continued on page 63)

Notes on the Constitution

By HON. WM. TYLER PAGE

A series of twelve articles setting forth the fundamental principles of the United States Government as prescribed in the Constitution

Second Article—What Congress May Do Under the Constitution. Part II

SECTION 8 of the original Constitution says further—
10. To define and punish Piracies and Felonies committed on the high Seas, and Offenses against the Law of Nations.

Congress has enacted, from time to time, numerous laws upon the subject of piracy which form chapters of the Revised Statutes under the titles, "Crimes," "Regulations for the Suppression of Piracy," and "Crimes Arising within the Maritime and Territorial Jurisdiction of the United States." Court decisions on this offense and on other offenses committed on the high seas are numerous. Piracy, in the international sense of the word, is a crime against all nations. In the law of nations the essential element of piracy is the intention of preying indiscriminately on the human race, and not a desire to interfere with the trade of some distinct power. "High seas" means any waters on the seacoast, which are without the boundaries of law water mark, although such waters may be in a roadstead or bay within the jurisdictional limits of a foreign government. (Court decisions.)

11. To declare War, grant Letters of Marque and Reprisal, and make Rules concerning Captures on Land and Water.

Congress only can declare war, which is to say, that the People, acting through a majority of their representatives "in Congress assembled" exercise this power. Declarations of War usually recite that "a state of war exists" indicating that the aggression or provocation was on the part of an enemy. Upon the Executive devolves the duty of foreign intercourse, and of laying before Congress the facts upon which a declaration of war may be based.

Letters of Marque and Reprisal were commissions from the Government to armed vessels owned and officered by private persons. Vessels so employed were called privateers and were required to conform to the rules and usages of war. In the War of 1812 about 500 privateers were fitted out. Privateering was practically abolished among civilized nations by the Declaration of Paris in 1856. Prize money is no longer distributed among captors.

12. To raise and support Armies, but no Appropriations of Money to that Use shall be for a longer Term than two Years.

Congress, although it can declare war, cannot appropriate money for the Army for a longer time than two years. The founders of the Republic safeguarded it against militarism. Therefore, a permanent standing army is made impossible because Congress, annually, may reduce the size of the Army by withholding appropriations for its maintenance beyond a certain limit, and such money as Congress does appropriate to maintain the Army may not be used longer than two fiscal years. Actually, money for the Army is appropriated annually, and any unexpended balances are covered back into the Treasury. The new Budget System operates also to keep expenditures for the Army within its actual, authorized needs. In fixing the qualification of legislative power and discretion to raise and support armies by limiting the use of appropriations to two years the founders had in mind the biennial election of a new House of Representatives, which, in effect, would be a referendum to the people, if necessary, on the size of the Army.

13. To provide and maintain a Navy.

The restriction upon appropriations for the Army does not apply to the Navy. It has been said that "No nation was ever deprived of its liberty by its Navy." It was with a view to commercial development as well as to security against foreign invasion that a Navy was to be provided and maintained. But advocates of a Navy, of even a big Navy, have never contemplated its use as an offensive agency for the subjection of foreign peoples or for territorial aggression. The American Navy, in all its glorious history, fought only for the liberties and the rights of men defensively. It is the first line of defense. Added to the American Navy's sea victories are those notable achievements of its soldier forces, the Marine Corps, the men in the tops at sea and the men over the top on land, whose daring and renown have earned for them the name of "devil-dogs." Mercy towards an enemy and succour to the stricken and needy in all parts of the world in peace and in war has ever marked our Navy and Marine Corps as magnanimous as it is powerful. Yet, being peace-loving, Americans took the lead to limit naval construction and armaments among the great nations.

14. To make Rules for the Government and Regulation of the land and Naval Forces.

Congress, from time to time, enacts laws for the regulation of the Army and Navy, fixes the number of officers and enlisted men and their pay, authorizes construction of posts, garrisons, forts, yards and docks, and stations, provides for the Military and Naval Academies, for the training of officers, apprentices, etc., and their subsistence, all of which form the basis upon which money is appropriated. But rules and regulations for the government of these establishments, touching details too numerous to be embodied in law, are prescribed and promulgated by the War and Navy Departments, respectively, when approved by the President, the Commander-in-Chief, and are to be found in publications of those Departments, entitled "Army Regulations" and "Navy Regulations," the latter also embracing rules and regulations for the government of the Marine Corps. Any of these regulations may, at any time, be abrogated by Congress. Hence, through Representatives, the people may control these military agencies.

15. To provide for calling forth the Militia to execute the Laws of the Union, Suppress Insurrections and repel Invasions.

The Militia is formed of citizens of a State enrolled as soldiers for training and discipline, called into active service only in emergencies, as distinguished from regular soldiers, who are in constant service.

In 1792 an act was passed to provide for the national defense by establishing a uniform militia throughout the United States by the enrollment of every free able-bodied white male citizen between the ages of 18 and 45. An act of March 2, 1867, permitted the enrollment of negroes. The militia was called out by Federal authority in 1794 to quell the Whiskey Rebellion in western Pennsylvania, and during the wars in which the United States has engaged.

16. To provide for organizing, arming, and disciplining the Militia, and for governing such Part of them as may be employed in the Service of the United States, reserving to the States respectively, the Appointment of the Officers, and the Authority of training the Militia according to the discipline prescribed by Congress.

For the reason that Congress may organize, arm, and discipline the Militia this body of soldiery, although raised in the States, is called the National Guard. In the World War they were merged in with the Regular Army, and with volunteers and drafted men into what was known as the National Army. In the Civil War and in the Spanish-American War the State Units of the National Guard preserved their identity. As auxiliary to the Navy many of the States maintain Naval Militia.

17. To exercise exclusive Legislation in all Cases whatsoever, over such District (not exceeding ten miles square) as may, by Cession of particular States, and the Acceptance of Congress, become the Seat of the Government of the United States, and to exercise like Authority over all Places purchased by Consent of the Legislature of the State in which the same shall be, for the Erection of Forts, Magazines, Arsenals, Dock-yards, and other needful Buildings.

In 1790 Maryland ceded 64 square miles on the north bank and Virginia 36 square miles on the south bank of the Potomac River for the Seat of Government. The District was first called the Territory of Columbia. The Seat of Government was removed to the District in 1800. July 9, 1846, the portion south of the Potomac was ceded back to Virginia. For a time the superintendence of the District was in the hands of three Commissioners, but in 1802 Washington City was incorporated and its government was placed in the hands of the people, with a president and a council, the former appointed by the President. In 1820 a mayor, to be elected by the people, was substituted for the president. From 1871 to 1874 the District had a Territorial government, the upper house and the

governor being appointed by the President and the lower house selected by the people. This was found to be unsatisfactory, and in 1874 Congress provided for a board of three Commissioners to take charge of all matters pertaining to the District Government. June 11, 1878, Congress provided for a permanent government, consisting of three Commissioners, two to be appointed from civil life by the President, the third to be detailed by the President from the officers of the Engineer Corps of the Army.

The people of the District of Columbia are not given the right to vote. They are not directly represented in Congress, which has exclusive legislative jurisdiction over the District. In Congress, in each House are Committees on the District of Columbia, and appropriation bills for the District are prepared by sub-committees of the Committee on Appropriations of each House. The House of Representatives rules assign two days a month for the consideration of District business, subject to more privileged matters.

Government Reservations in the District of Columbia and in the States are wholly within the authority of the United States.

18. To make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers, and all other powers vested by this Constitution in the Government of the United States, or in any Department or Officer thereof.

This concludes the specific powers granted the Congress enumerated in Section VIII, Article I, of the Constitution.

The Tenth Amendment to the Constitution provides that "the powers not delegated to the United States by the Constitution nor prohibited by it to the States, are reserved to the States respectively, or to the people." Certain of the Amendments to the Constitution abridge the powers of Congress, and certain others provide for their enforcement by appropriate legislation of Congress.

The Amendments to the Constitution will be the subject of annotation in a later edition of the CONGRESSIONAL DIGEST.—Editor's Note.

Notes on Foreign Governments—cont'd

Germany—cont'd

FEDERAL GOVERNMENT

The Federal Government consists of the Chancellor (Prime Minister) and the ministry. The President appoints and dismisses the Chancellor and, on the latter's recommendation, the ministers. The Chancellor determines the main lines of policy for which he is responsible to the Reichstag. The present cabinet is composed of ministers. Neither the President nor the Federal Government has the right of Veto on legislation.

Federal Council—The Federal Council is composed of

66 members representing the German States (Prussia, Bavaria, etc.). All bills require the consent of the Federal Council before they are introduced into the Reichstag.

Reichstag (Legislature)—The Reichstag is composed of 469 deputies elected for 4 years. All men and women of 20 have the right to vote. Elections must take place on Sunday or a public holiday. The Reichstag meets annually on the first Wednesday of November, unless summoned earlier by the President of the Republic or on demand of a third of its members.

Italy

Constitutional Monarchy

King—Vittorio Emanuele III, July 29, 1900.

President of Council and Minister of the Interior—Benito Mussolini (leader of the Fascisti), October 29, 1922.

LEGISLATIVE POWER.

The legislative power is vested in the King and Parliament which consists of the Senate and the Chamber of Deputies.

Senate—The Senate is composed of princes of the royal house who are 21 (with right to vote at 25) and of an unlimited number of members over 40 who are nominated by the King for life. They must be men of distinction or

men who pay taxes to the amount of 3,000 lire (about 580 dollars) yearly.

Chamber of Deputies—The Chamber of Deputies consists of 535 members or one for every 71,000 of the population. Members must be 30 years old. All men and women 21 years of age may vote as well as all men under 21 who served in the army during the recent war.

The duration of parliament is 5 years. It must meet every year, but the King has the power to dissolve the Chamber of Deputies at any time, provided a new election be held and a new parliament convened within 4 months.

All deputies receive 15,000 lire (about 2,900 dollars) yearly, and all deputies and senators travel free on the railways.

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